
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-KSB

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2005

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Idaho General Mines, Inc.

(Name of small business issuer in its charter)

IDAHO

(State or other jurisdiction of incorporation
or organization)

000-50539

Commission File Number

91-0232000

(I.R.S. Employer Identification No.)

10 North Post St., Suite 610

Spokane, WA 99201

Telephone: (509) 838-1213

(Address and telephone number of principal executive offices)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: Common Stock, \$.001 par value

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. ☐

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. **YES ☒ NO ☐**

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES ☐ NO ☒

Revenues of the registrant for its fiscal year ended December 31, 2005 were \$0.

The aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant was \$80,917,203 as of March 10, 2006.

The number of shares outstanding of registrant's common stock as of March 10, 2006 was 35,056,951.

DOCUMENTS INCORPORATED BY REFERENCE

Certain of the information required in Part III of Annual Report on Form 10-KSB is incorporated by reference to the registrant's definitive proxy statement to be filed pursuant to Regulation 14A for the registrant's 2006 Annual Meeting of Stockholders.

Transitional Small Business Disclosure Format (check one): **YES ☐ NO ☒**

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PART I

ITEM 1. DESCRIPTION OF BUSINESS AND PROPERTIES

References made in this Annual Report on Form 10-KSB to “we,” “our,” “us,” “our company” and “IGMI” refer to Idaho General Mines, Inc.

Many of the terms used in our industry are technical in nature. We have included a glossary towards the end of this Annual Report on Form 10-KSB that explains other technical terms we use in this Annual Report on Form 10-KSB.

The mineralization and economic estimates of our 53-year mining plan included in this Annual Report on Form 10-KSB are reported in summary form in our report entitled “Phase 2 Mine Feasibility Study - Mount Hope Project” dated December 2005, which is also referred to within this Annual Report on Form 10-KSB as the “**Technical Report**”, which was prepared by and under the supervision of Mr. John M. Marek, an employee of Independent Mining Consultants, Inc. (“**IMC**”) of Tucson, AZ. Portions of the information in this Annual Report on Form 10-KSB are based on assumptions, qualifications and procedures which are set out in summary form in the Technical Report.

References made in this Annual Report on Form 10-KSB to the “**Feasibility Study**” refer to both our Phase 1 Mine Feasibility Study for the Mount Hope Project prepared by IMC, the results of which were first reported in a press release on April 25, 2005, and the above-referenced Technical Report, the results of which were first reported in a press release dated October 14, 2005.

For ease of reference, the following conversion factors are provided:

Imperial Measure	Metric Unit	Imperial Measure	Metric Unit
1 acre	= 0.4047 hectare	1 mile	= 1.6093 kilometers
1 foot	= 0.3048 meter	1 troy ounce	= 31.1035 grams
1 gram per metric tonne	= 0.0292 troy ounce/ short ton	1 square mile	= 2.59 square kilometers
1 short ton (2,000 pounds)	= 0.9072 tonne	1 hectare	= 100 square kilometers
1 tonne	= 1,000 kg or 2,204.6 pounds (lbs)	1 acre	= 2.471 hectares
1 hectare	= 10,000 square meters		

Overview

We are an Idaho corporation under the Idaho Business Corporation Act (the “**IBCA**”) originally incorporated under the name “General Mines Corporation” on November 23, 1925. In 1966, we amended our articles of incorporation to change our name to “Idaho General Petroleum and Mines Corporation”, and amended our articles again in 1967 changing our name to “Idaho General Mines, Inc.” Our registered and executive office is located at 10 North Post Street, Suite 610, Spokane, Washington, United States 99201. We hold all our properties and assets directly and have no operating subsidiaries.

We are in the business of the exploration, development and, if warranted, the mining of properties containing molybdenum, as well as silver, gold, base metals and other specialty metals. We currently have a 30-year renewable lease for the lands related to, possess surface rights for, and own patented and unpatented claims to, the Mount Hope Project, a primary molybdenum property, and other properties on which we intend to conduct mineral exploration and evaluation for determining economic viability for further development.

Prior to 2004, we had not conducted mineral exploration for a number of years and were dormant except for occasional timber harvesting. In 2004, due to increased prices for gold, silver and other metals and a more favourable climate for financing mineral exploration companies, our board of directors decided to engage in assessing the availability of advanced-stage mineral properties.

On July 26, 2004, our Registration Statement on Form 10-SB filed with the SEC was declared effective and our common stock began being quoted on the OTC Bulletin Board under the symbol “IGMI”.

On November 12, 2004, we entered into an option agreement with MHMI. Pursuant to the terms of this agreement, we were granted an exclusive one-year option to lease Mount Hope's previously drilled molybdenum deposit consisting of 13 patented claims and 109 unpatented claims in Eureka County, Nevada, for a lease period of 30 years. See "Business – Description of the Mount Hope Project – Acquisition".

On April 27, 2005, we concluded a private placement offering of 2,998,932 units at a price of \$0.75 per unit. Each unit consisted of one share of our common stock and one warrant to purchase one share of our common stock. Each whole warrant is exercisable for 24 months from the date of issuance and carries an exercise price of \$1.00 per whole share. The gross proceeds from this offering were \$2,249,199.75 and, after payment of sales commissions and finder's fees, we received net proceeds of \$2,108,149.78.

On April 25, 2005, we completed a Phase 1 Mine Feasibility Study with respect to Mount Hope and began the permitting process for placing into production an open pit molybdenum mine, concentrator and processing facility capable of producing 40,000 metric tonnes of ore per day. On October 19, 2005, we exercised the option in regard to the Mount Hope Project and our lease agreement with MHMI (the "**Mount Hope Lease**") became effective. See "Business – Description of the Mount Hope Project – The Mount Hope Lease".

A detailed evaluation of the potential to profitably extract the deeper portion of the deposit was prepared between August and mid-October 2005 with the final document, the Technical Report, being completed December 16, 2005. This led to an augmented Mine Plan that resulted in the extraction, by continuing open pit mining in the same pit, of the additional mineralization already drilled. This included the deeper part of the deposit. The Technical Report describes this Mine Plan, which is the Mine Plan chosen for permitting and will formally be called "The Plan of Operations". In the Mine Plan, it was proposed that, to accommodate the processing of the additional mineralized material, various equipment components of the concentrator would be enlarged to allow for increasing plant throughput. This would allow the throughput of the concentrator to be increased from 40,000 to 50,000 metric tonnes per day beginning in year 12. The final augmented plan allows for the mining and processing of all 920 million metric tonnes with a production life of up to 53 years. The Mine Plan in the Technical Report encompasses all mineralized material defined at the Mount Hope Project. The costs were based on second quarter 2005 labor, materials and equipment cost parameters. For further details, see "Business – Description of the Mount Hope Project".

With respect to surface rights on the Mount Hope property and other property and surface rights immediately adjacent to the Mount Hope property, on June 30, 2005, we entered into an option to purchase a ranch and associated water rights from Art and Frances Gale of Eureka, Nevada (the "**Gale Ranch Option**"). The Gale Ranch Option gives us the right, for two years, to purchase the Gale Ranch for \$1,800,000, which includes 1,503 acres of deeded land adjacent to the Mount Hope property, 70,000 acres of BLM grazing rights (which overlap the Mount Hope property), and certain ground water and stock water rights associated with the grazing land and the deeded land. The Gale Ranch Option independently gives us the right, for two years, to purchase for \$50,000 approximately 1,200 acre-feet of ground water per annum associated with the deeded land within the Gale Ranch. Consideration paid for the Gale Ranch Option included \$152,000 and 30,000 shares of our common stock.

On December 16, 2005, IMC completed the Technical Report, which confirms the economics of the Mount Hope Project and its estimated 53-year mine life.

Recent Developments

On January 10, 2006, we concluded a private placement offering of 3,441,936 units at a price of \$1.10 per unit. Each unit consisted of one share of our common stock and one-half of a warrant to purchase one share of our common stock. Each whole warrant is exercisable for 24 months from the date of issuance and carries an exercise price of \$1.75 per whole share. The gross proceeds from this offering were \$3,786,129.40 and, after payment of sales commissions and finder's fees, we received net proceeds of \$3,620,730.54.

On February 15, 2006, we concluded a private placement of 15,000,000 units at a price of \$2.00 per unit. Each unit consisted of one share of our common stock and a warrant to purchase one-half of a share of our common stock. Each whole warrant is exercisable for five years from the date of issuance and carries an exercise price of \$3.75 per whole share. The gross proceeds of this offering were \$30,000,000.00 and, after payment of sales commissions and finder's fees, we received net proceeds of \$27,875,000. In the aggregate, we issued 15 million shares of common stock and

warrants to purchase an additional 8.3 million shares, including warrants issued as compensation to the placement agent.

On March 17, 2006, we entered into a purchase agreement with High Desert Winds LLC (“High Desert”) whereby we purchased High Desert’s approximately ten square mile property in Nye County, Nevada, including water rights, mineral and surface rights, buildings and certain equipment, pursuant to an option granted to us in February 2005. The property includes the former Hall molybdenum and copper deposit which was mined by open pit methods between 1982 and 1985 by the Anaconda Minerals Company and between 1988 and 1991 by Cyprus for molybdenum. Equatorial Tonopah, Inc. mined copper from 1999 to 2000 on this property. Much of the deposit was drilled but not developed or mined. At closing, we paid High Desert a cash payment of \$4.5 million and agreed to make a deferred payment of up to an additional \$1,000,000 in purchase price which is payable, if at all, on or before March 17, 2008 depending on the outcome of activities at the property. The property is also subject to a 12% royalty payable with respect to the net revenues generated from the molybdenum or copper mined and removed from the properties purchased.

Corporate Strategy and Strengths

Our near-term corporate strategy is to successfully complete the permitting, engineering, and construction work at the Mount Hope Project, to develop a mine and processing facility, and to commence molybdenum production.

We believe we have the following business strengths which will enable us to achieve our objectives:

- industry trends that demonstrate an increasing demand for molybdenum in a global economy with rapid growth in China, Asia, and the United States;
- a primary molybdenum deposit with cash costs anticipated to place the Mount Hope Project among the lowest cost primary molybdenum producers in the world;
- Mount Hope is in an advanced stage of development: drilled, definitive mine plan, and permitted underway;
- a long-life, low-cost project expected to produce a total of approximately 1.3 billion lbs of molybdenum over its 53-year mine life;
- Mount Hope has exploration potential in zinc in addition to further exploration potential in molybdenum;
- a generally favourable regulatory climate with respect to permitting and operating mines in Nevada; and
- a strong, proven management team with experience in exploration, mine development and operations.

Our longer-term corporate strategy is to profitably operate the Mount Hope Project and its associated roasting facility, which will give us the opportunity to develop other mineral properties including, but not limited to, maximizing the value of our other molybdenum and non-molybdenum properties.

Description of the Mount Hope Project

The following contains information summarized from the Technical Report dated December 19, 2005, prepared by John M. Marek, P.E. of IMC.

Acquisition

On October 19, 2005, the Mount Hope Lease became effective. Located in Eureka County, Nevada, the Mount Hope Project consists of 13 patented claims, one millsite claim, and 970 unpatented claims. Although there is no plan for staking additional claims, permitting of Mount Hope could ultimately require the staking of more claims. The Technical Report contains a current claim map of the property.

The Mount Hope Lease

The 30-year term of the Mount Hope Lease is subject to the payment of certain royalties. See “Business – Description of the Mount Hope Project – Royalties, Agreement and Encumbrances” below. In addition to the royalty payments, we are obliged to maintain the property and its associated water rights, including the payment of all property taxes and claim maintenance fees. We must also indemnify MHMI against any and all losses incurred as a result of any breach or failure by us to satisfy any of the terms of the Mount Hope Lease or any activities or operations on the Mount Hope property.

We are not permitted to assign or otherwise convey our obligations under the Mount Hope Lease to a third party without the prior written consent of MHMI, which consent may be withheld in its sole discretion. However, if the assignment takes the form of a pledge of our interest in the Mount Hope property for the purpose of obtaining financing for the Mount Hope Project, MHMI’s consent may not be unreasonably withheld. The Mount Hope Lease further provides that we are to keep the property free and clear of all liens, encumbrances, claims, charges and burdens on production, including if and when we obtain project financing.

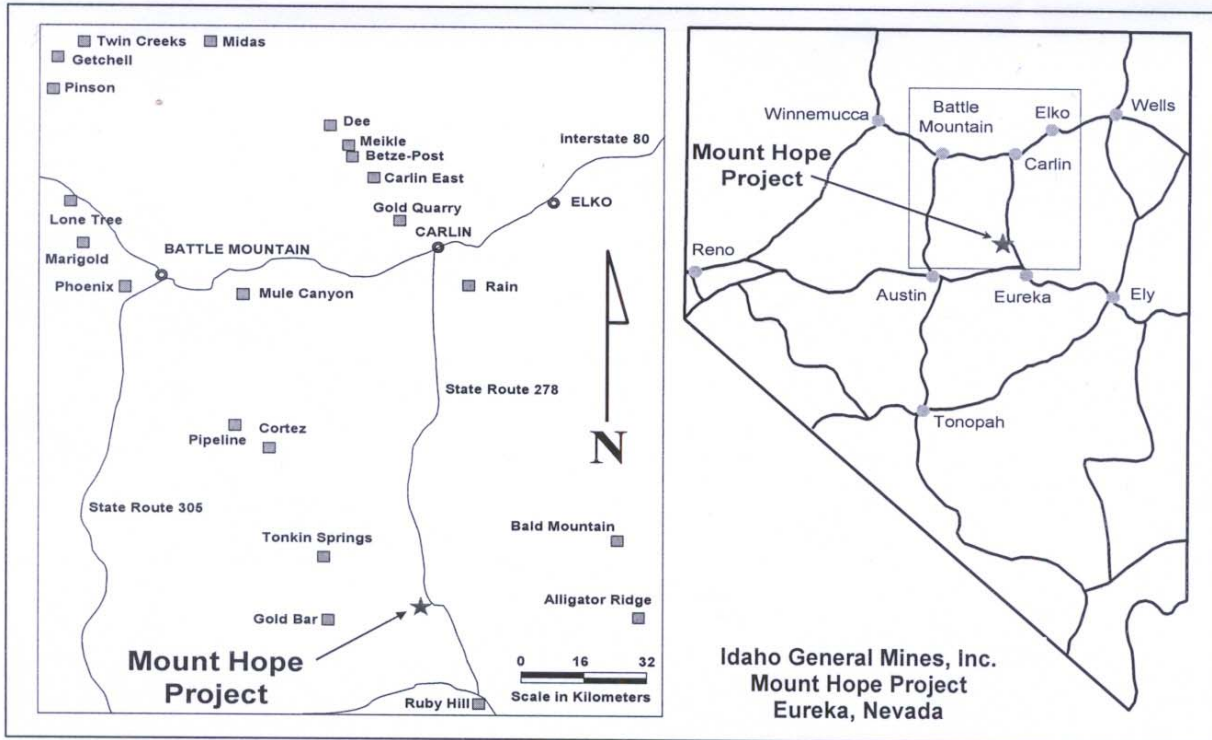
With respect to project financing, the Mount Hope Lease provides that the terms of such financing must stipulate that: (i) any principal amount of debt can only be repaid after we have paid all of the periodic payments as set out in the Mount Hope Lease; (ii) the lenders may not prohibit or interfere with any advance royalty payments due to MHMI under the Mount Hope Lease; and (iii) no cash sweeps or payments of excess cash flow may be made to the lenders in priority of such advance royalty payments.

The Mount Hope Lease also contains an after acquired property clause, which provides that any property acquired by us within two miles of the boundary of the Mount Hope property must be conveyed to MHMI if requested within a certain time period following notification of such acquisition.

The Mount Hope Lease may be terminated upon the expiration of its 30-year term, earlier at our election, or upon our material breach and failure to cure such breach. If we terminate the lease, termination is effective 30 days after receipt by MHMI of our written notice to terminate the Mount Hope Lease. If MHMI terminates the lease, termination is effective upon our receipt of a notice of termination if we materially breach a representation, warranty, covenant or term contained in the Mount Hope Lease and then fail to cure such breach within 90 days of receipt of a notice of default. MHMI may also elect to terminate the Mount Hope Lease if we have not cured the non-payment of our obligations under such lease within 10 days of receipt by us of a notice of default.

Property Description and Location

The Mount Hope Project is located on the eastern flank of Mount Hope approximately 35 km north of Eureka, Nevada, United States. The Mount Hope Project is located at the southern end of the northwest-trending Battle Mountain-Eureka mineral belt. Mount Hope is approximately 3.7 km due west of State Route 278, and the Mount Hope Project centers in sections 1 and 12, T22N-R51E and sections 12 and 13, T22N-R51½E.



Nature and Extent of Company's Title

The land package for the Mount Hope Project contains 13 patented lode claims, one patented mill site, and 970 unpatented lode claims. These claims are located in sections 1, 2, 11, 12, 13, 14, 24, T22N-R51E; section 36, T23N-R51E; sections 1, 12, 13, 24, and 25, T22N-R51½E; and sections 6, 7, 8, 16, 17, 18, 19, 20, 21, 22, and 30, T22N-R52E. The total surface area covered by the Mount Hope Project land package is 7,311 hectares. MHMI owns the patented claims and 109 of the unpatented lode claims. These claims are the subject of the Mount Hope Lease. We own the remaining 450 unpatented lode claims. The patented claims and unpatented claims comprising the Mount Hope Project are listed by number and ownership in the Technical Report. We staked approximately 400 additional claims in the fourth quarter of 2005 to provide supplemental lands for various project purposes and exploration for a total of 970 unpatented claims. Patented claims are owned real property and unpatented claims remain valid for as long as the holder pays the applicable fees.

Royalties, Agreements and Encumbrances

Under the Mount Hope Lease, we have the following royalty and other payment obligations:

Periodic Payments

1. We are required to pay MHMI a total of \$850,000 in set cash payments under the Mount Hope Lease, payable in four \$125,000 installment payments due on January 21, 2006, April 19, 2006, October 19, 2006 and April 17, 2007, and a \$350,000 installment payment due on October 19, 2007. We made the first payment of \$125,000 in January 2006.
2. We are required to pay MHMI the greater of \$2,500,000 or 3% of the construction capital cost estimate for the Mount Hope Project calculated in accordance with the Mount Hope Lease. The timing of this payment depends on whether we will be able to secure Project Financing. "Project Financing" means the securing of funds dedicated to the development of the Mount Hope Project in accordance with the mechanism set out in the Mount Hope Lease to put the Mount Hope Project into commercial production. If we are able to secure Project Financing on terms that are satisfactory to us, we will be required to make this payment to MHMI on

or before October 19, 2008. If we are unable to secure Project Financing on terms that are satisfactory to us by October 19, 2008, we may elect to defer this payment until we obtain Project Financing or until October 19, 2011, whichever is earlier. If we elect to defer the payment, we will be required to pay to MHMI \$350,000 per year on each of October 19, 2008 and 2009.

3. If we defer the \$2,500,000 periodic payment as outlined in (2) above, on October 19, 2011 we must elect to pay the deferred payment of \$2,500,000, and if 3% of the construction capital cost estimate is greater than \$2,500,000 then we must also pay the difference in two equal installments on October 19, 2011 and October 19, 2012.

Advance Royalty

On the anniversary of the effective date after we secure Project Financing or at the very latest on October 19, 2014, we must begin paying yearly advance royalty payments of \$500,000 per year to MHMI.

Production Royalty

Following commencement of commercial production, we will be required to pay a production royalty to MHMI and Exxon Corporation (“**Exxon**”), as follows:

(a) MHMI Production Royalty

After commencement of commercial production at the Mount Hope Project, we will be required to pay to MHMI a production royalty equal to the greater of: (i) \$0.20 per pound of molybdenum metal (or the equivalent of some other product) sold or deemed to be sold from the Mount Hope Project; or (ii) 3% of net returns (the “**Base Percentage**”), if the average gross value of products sold is equal or lower than \$12.00 per pound, or the Base Percentage plus 1% of net returns if the average gross value of products sold is higher than \$12.00 per pound but equal or lower than \$15.00 per pound, or the Base Percentage plus 2% of net returns if the average gross value of products sold is higher than \$15.00 per pound. As used in this paragraph, the term “products” refers to ores, concentrates, minerals or other material removed and sold (or deemed to be sold) from the Mount Hope Project; the term “gross value” refers generally to proceeds received by us or our affiliates for the products sold (or deemed to be sold); and the term “net returns” refers to the gross value of all products, less certain direct out of pocket costs, charges and expenses actually paid or incurred by us in producing the products.

(b) Exxon Production Royalty

Exxon will receive a perpetual 1% royalty interest in and to all ores, metals, minerals and metallic substances mineable or recoverable from the Mount Hope Project, equal to 1% of total amount of gross payments received by us from the purchaser of ores mined/removed/sold from property less: (i) deductions made by the purchaser for sampling, assays attributable to Exxon’s 1% interest; (ii) cost of freight, transportation and haulage to and for the purchaser away from the mill, smelter, roaster or other refining facility operated by or for us attributable to Exxon’s 1% interest; and (iii) any taxes attributable to Exxon’s 1% interest. This royalty applies to any and all after-acquired title including mining claims staked or obtained within the bounds of the Mount Hope Project (and more particularly described in the Technical Report). The royalty must be paid within 60 days after each month of production and Exxon is permitted to enter the property to take delivery of royalty concentrates or refined products, and examine or audit the operations and books. Exxon is required to pay one-third of the reasonable direct cost of the minimum annual assessment work required to maintain the unpatented mining claims remaining subject to the royalty payment not to exceed \$13,300 and Exxon has the right to eliminate this obligation per claim by quitclaiming royalty payment to that particular claim.

There are no encumbrances to the Mount Hope property with the exception that we are obligated to provide certain minimal environmental mitigation of surface waste and old equipment which may cost an estimated total of \$50,000 to remediate. There is no time limit on accomplishing this work except as may be potentially agreed with the Nevada regulators.

Environmental Regulations and Permits

Our claims are on federal lands administered by the BLM. Prior to commencing any operations on public lands administered by the BLM, a Plan of Operations describing how we will prevent unnecessary or undue degradation of the land and reclaim disturbed areas must be submitted to and approved by the BLM (the “**Plan of Operations**”).

The Plan of Operations must contain a comprehensive description of proposed operations, a reclamation plan, a set of monitoring plans and other prescribed information.

In addition, the cost for a third party contractor to perform reclamation activities on the mine site must be submitted with the Plan of Operations. Although the Plan of Operations will describe anticipated activities at the mine for the entire mine life, the reclamation cost estimate will only address the anticipated activities for a three-year period from the point of Plan of Operations approval. The bond estimate must then be recalculated every three years to include the current activities and those activities anticipated to be completed during the subsequent three-year period. It is estimated, based on project assumptions, that the project reclamation costs during the first three-year period will be between \$12 and \$17 million. The estimated cost of reclamation will increase with every three-year update in conjunction with the growth of the waste rock pile and the tailings impoundments. It is estimated that bond costs could reach \$100 million at the end of the project (year 53).

Prior to the BLM’s approving the Plan of Operations and the commencement of our project related operations on public lands, the BLM must comply with the requirements of the United States National Environmental Protection Act Process (the “**NEPA Process**”). The Plan of Operations requires the preparation and submission of NEPA documents that may include an Environmental Impact Statement (“**EIS**”). An EIS is a complete review of the environmental impacts associated with the project as well as alternatives to the project. Preparation of an EIS will require the completion of several baseline studies in the Mount Hope Project area, including but not limited to: cultural, biological, ground water and geochemical studies.

Our contractors have completed an environmental review as part of the recently completed pre-feasibility study. The review identified the data requirement for the Plan of Operations and the EIS, and it has found that a significant portion of the data collected by Exxon in the 1980s can be used today. Additional information will, however, be required to meet modern NEPA requirements. Our contractors have already started the data collection process to meet these requirements. Management believes that the geochemical issues associated with permitting Mount Hope are not severe and are not unusual, and the current plan is manageable without resorting to extraordinary procedures or costs. The sulfur values are typically low (<0.5% S) with the majority of values near 0.2% S, and a few select areas higher than 0.5% S. Limited testing in 1995 indicated there is a low potential for acid generation from waste rock. Additional baseline geochemical test work for the EIS is in progress on a sufficient number of representative samples intended to cover the variation of all rock and alteration types across the site. Preliminary findings to date indicate low potential for acid generation. The geochemical test work is focused on the waste rock characterization, tailings characterization, pit wall characterization and pit lake chemistry.

The environmental review also identified a list of state and federal permits that must be obtained prior to mine and plant operation. A schedule for our application has been established along with a preliminary budget for preparing the permit applications and paying the specific regulatory permit fees.

We have informed BLM of our intent to file a Plan of Operations and to develop the Mount Hope Project.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access

The Mount Hope Project has year-round access from Nevada State Route 278. The land package includes the land between the project site and State Route 278.

Climate

Climatic conditions in the site area vary significantly with cold air temperatures in the winter months (December through February), and hot and dry conditions in the summer months (June through September). During the winter months, average temperatures range from -2.3 to -0.8°C and in the summer months, from 15.1 to 20.6°C. Average monthly precipitation data recorded from the Eureka meteorological station ranges between 13 and 35 mm. Generally, the wettest month is May and the driest month is July. The average annual precipitation is 311 mm. Operations at the site are planned to continue year-round.

Local Resources and Infrastructure

The town of Eureka, Nevada, approximately 35 km to the south, will provide the primary support for the Mount Hope Project. Local to the Mount Hope Project, the infrastructure requirements to support the mine and concentrator consist of bringing nearby power to the property, developing a water well field within the adjacent Kobeh Valley area, site access roads, and constructing maintenance shops for the mine and plant administrative offices.

Surface Rights

Surface rights on the Mount Hope property include BLM open range grazing rights and stock water rights. To date, approximately 80% of the grazing and stock water rights which overlap the Mount Hope property have been secured by way of the Gale Ranch Option. See “General Development of the Business – Overview”. The remaining 20% of grazing and stock water rights are currently being secured by negotiating a swap with a rancher immediately neighbouring the Gale Ranch in exchange for certain grazing and stock water rights within the Gale Ranch Option but which are not contiguous with the Mount Hope property. This land swap will take the form of an option to transfer certain grazing and stock water rights from the Gale Ranch to this neighbouring rancher. Management is confident of their ability to effect this transaction within the first two quarters of 2006, at which time we will control all surface rights contiguous with the Mount Hope property.

Two power line easements cross within the property boundaries. A 345 kV transmission line operated by Sierra Pacific Power runs north-south on the western edge of the property and the other easement is a non-operating, medium-voltage power line that runs from the old mill facilities east along State Route 278 to the eastern property boundary.

Physiography

The Mount Hope area lies within an area of north-south trending mountains separated by alluvial valleys. The primary mountain ranges in the Mount Hope area include the Roberts Mountains, Sulphur Spring Range, Diamond Mountains, Simpson Park Range and the Cortez Mountains. Elevations of the mountains range from over 3,000 meters for the Roberts Mountains to approximately 2,200 meters for the crests of the Sulphur Spring range.

The major valleys in the Mount Hope region are Diamond Valley to the east of Mount Hope, Garden Valley to the north of Mount Hope, and Kobeh Valley to the west. Diamond and Garden Valleys are elongated in a north-south direction. Kobeh Valley is roughly equidimensional in form.

The upper portions of the valleys are similar in nature and are characterized by slightly incised stream channels with no significant associated floodplain. The lower portions have deeply incised stream channels that get wider and flatter downstream.

The uplands and mountains have slopes ranging from moderate to steep (over 30 percent) with shallow to deep, moderately alkaline to medium acidic soils. Surface textures range from cobbly to sand gravelly loams. Bedrock is often within 0.5 meters, particularly on the steep upland slopes.

The alluvial fans and stream terraces make up the largest areas in the valleys. The slopes range from smooth to rolling (0 to 15 percent), and the soils vary from shallow to deep and mildly to strongly alkaline. The surface textures range from sands to gravelly sandy loams and silty clay loams. The permeability of these soils ranges from slow to rapid.

The natural vegetation of the region consists of pinion juniper and sagebrush with grass under stories. The pinion juniper occupies the higher elevations of the mountain slopes, with the lower areas in the valley covered predominantly with sagebrush and shrubs with perennial bunchgrasses.

Mount Hope, located in the lower foothills of the southeast flank of the Roberts Mountains, stands approximately 2,560 meters in elevation. Areas to the east and south east slope gently to elevations from 2,073 to 1,890 meters. Diamond Valley, situated to the south and east of Mount Hope, is approximately 1,760 meters in elevation.

History

Prior Ownership and Results of Exploration Work Ownership

Lead-zinc ores were discovered at Mount Hope in 1870, and small scale mining occurred sporadically until the 1970s. Zinc and adjacent copper mineralization were the focus of drilling activities by Phillips Petroleum (“**Phillips**”) in the early 1970s and by ASARCO and Gulf (“**ASARCO**”) in the mid-1970s which outlined further zinc mineralization. The last drill hole of this series encountered significant molybdenum mineralization at depth west of the zinc deposits. The significance of this mineralization was first recognized by ASARCO in 1976, but ASARCO was apparently unable to reach an agreement with MHMI to test this potential.

Exxon recognized molybdenum potential at Mount Hope in 1978 and acquired an option on the property from MHMI. By 1982, Exxon had completed 69 holes, which partially defined a major molybdenum deposit underlying the east flank of the Mount Hope property. Exxon conducted a +/-25% pre-feasibility study of the Mount Hope prospect in 1982. The Exxon study focused on an ore production rate of 27,500 tpd starting in 1985. In December of 1983, Exxon completed an optimization study, which generally involved a reduced capital and operating cost estimate based on more aggressive project parameters. An extensive environmental database of multiple assessments by consultants formed the basis of the environmental assessment and was utilized in the Exxon permitting process for their intended BLM land exchange. The Exxon pre-feasibility study calculated a sizable molybdenum deposit. A draft EIS was completed on the project, and public hearings were held in early 1985. Exxon drilled an additional 60 holes on the property between 1983 and 1988 but did not update their deposit block model with data from the post 1982 holes. Cyprus Metals Company (“**Cyprus**”) drilled four holes on the property in 1989-90 under an agreement with Exxon but apparently did not pursue the project.

Kennecott (“**Kennecott**”) executed an agreement in 1995, which allowed them to study the prospect and, if desired, execute a purchase by April 30, 1996. Kennecott reviewed the property and data, but did not drill any new holes on the property. Kennecott conducted the economic evaluations but did not exercise the option on the property. The property rights remained with MHMI after the Exxon and Kennecott efforts.

We established an agreement with MHMI in 2004 as outlined in “Business – Description of the Mount Hope Project – Acquisition”. We obtained access to previous work completed by previous parties including drill core and drill data, which we used as the basis for developing a pre-feasibility evaluation of the Mount Hope deposit. The pre-feasibility study conducted by seven consulting groups acting in consortium provided the basic engineering, plant design and other aspects of analysis of the Mount Hope Project. The pre-feasibility study outlined a positive operating process, waste disposal, mine design and plan, environmental, permitting plan, operating and capital cost estimates, and other inputs to a significant feasibility study and the corresponding estimates of mineralized material reported in the Technical Report and summarized in this Annual Report on Form 10-KSB.

Regional, Local and Property Geology

Regional Geology

Central Nevada is made up of major sedimentary rock units that characterize the mountain range structure known as the Cordilleran Geosyncline, dating back to the early Paleozoic Era. The rock types can be characterized into two groups: (1) Western Assemblage rocks made up of eugeosynclinal and basinal deposits, including carbonaceous shale, mudstone, chert, and volcanic rocks; and (2) Eastern Assemblage rock consisting of thick rock sequences of shelf style carbonate and lesser clastic rocks.

During a period of mountain formation during the mid-Paleozoic era, rocks of the Western Assemblage were thrust eastward over the shelf sequence. This area of thrusting is known as the Roberts Mountain Thrust Zone, and Mount Hope is located on the leading edge of this zone.

Within the region, certain formations of rock contain characteristic mineralization. The Ordovician Vinini Formation is one of the host formations for molybdenum mineralization in the Mount Hope vicinity and represents the Western Assemblage rocks in the Mount Hope area. Eastern Assemblage carbonate rocks outcrop east of Mount Hope in the Sulfur Spring Mountains and to the northwest in the Roberts Mountains. The Garden Valley Formation of Permian age represents the overlap sequence in the Mount Hope area. The Garden Valley Formation unconformably overlies the Vinini Formation in the Sulfur Springs Range, east of Mount Hope near Tyrone Gap. The zinc-lead-silver-copper-cadmium mineralization of the Mount Hope mineralization is hosted by the Garden Valley Formation, and an outcrop of the formation is found near the historic underground workings.

The Mount Hope deposit is located on a mineral belt linking deposits of diverse ages along a northwest-southeast trending line. The Battle Mountain-Eureka mineral belt coincides with northwest striking dikes and faults, which locally crosscut the north-south pattern of the Basin and Range block faulting. This belt also has a prominent aeromagnetic signature along its northern extension. In aggregate, the system is 400 kilometers long. The system reflects a periodically renewed dislocation which has served to localize intrusive and mineralizing activity during the Cretaceous period and the Tertiary era. Activity along this zone has resulted in major deposits of gold, silver, copper, and molybdenum.

Block faulting and associated basaltic volcanism began 16 million years ago and affected the entire area of the original Cordilleran Geosyncline within the Great Basin. Major Basin and Range faults border approximately north-south trending mountain ranges in the areas. These fault block mountains, including the block containing Mount Hope, are commonly tilted eastward at 10 – 20 degrees or more.

Local Geology

Sedimentary rocks of the Vinini Formation, which surround the igneous rocks of Mount Hope, consist of carbonaceous shale, siltstone, silty limestone, quartzite and calcareous quartzite, and bedded chert. Within 300 meters of intrusive contacts, these rocks have been metamorphosed to biotite hornfels and calc-silicate hornfels. Brown coloured biotite hornfels are exposed along the southern margin of the igneous complex, where they are a molybdenum host. Irregular masses of hornfels also occur within the complex.

The Mount Hope complex is a topographically elevated area of igneous rock exposure 1.5 by 2 kilometers in size. The complex contains both extrusive rocks and later intrusive rocks which are rhyolitic in composition and display textural similarities indicating derivation from a common magmatic source.

Intrusive porphyry subsequently invaded the lower levels of the volcanic system, but solidified without venting to the surface. Quartz porphyry is presently exposed at the surface as a result of erosion into the subvolcanic complex. Other varieties of rhyolite porphyry, which intrude the quartz porphyry at the deeper levels, are known only from drilling.

Ash-flow tuffs of the extrusive sequence are exposed at the summit of Mount Hope and on its eastern slopes, above the Mount Hope Fault. The tuffs reach a maximum preserved thickness of 450 meters. The tuffs are characterized by pumice, broken phenocrysts, and lithic fragments. The volcanic sequence was extensively altered during subsequent mineralizing events. Ash-flow tuff is not a good molybdenum host because it occupies the upper levels of the complex and lacks properties favourable for stockwork development.

Quartz porphyry constitutes a rhyolitic stock of irregular shape which underlies much of the area of the Mount Hope complex. The porphyry is exposed south and east of the summit of Mount Hope and contains conspicuous phenocrysts of quartz and potassium feldspar. Quartz porphyry, the principal molybdenum host rock, is commonly veined with quartz in the deposit area, and a quartz vein stockwork is well developed in the subsurface.

Aplitic quartz porphyry occurs as two dome shaped stocks, 300 meters below the surface, which are enclosed by the quartz porphyry. Each Aplitic dome is about 500 meters in diameter, and the stocks are separated by a 700 meter

distance along a west northwest axis. These stocks are important centers of molybdenum mineralization. Their centers were probably the principal sources for mineralizing fluids carrying silica, potassium, and molybdenum. The escaping fluids produced quartz stockworks, potassic alteration, and mineralization in the surrounding quartz porphyry. The mineralization, which is symmetrical about the paired intrusive centers, is differentiated into separate western and eastern mineral systems.

Coarse quartz porphyry occurs as dome shaped stocks and steep-walled apophyses which intrude deeper levels of the aplitic quartz porphyry. Coarse porphyry is a distinct rock type from the other quartz porphyries. It is characterized by larger quartz and feldspar phenocrysts, abundant biotite, and a variable matrix grain size, including a fine-grained contact zone. As this unit truncates earlier alteration in the aplitic quartz porphyry, it constitutes a later intrusive event. Coarse porphyry is a significant source of mineralization of moderate grade in the surrounding rock. These stocks exhibit pronounced alteration mainly near their margins. Relatively fresh, unaltered rock occurs locally in their interiors.

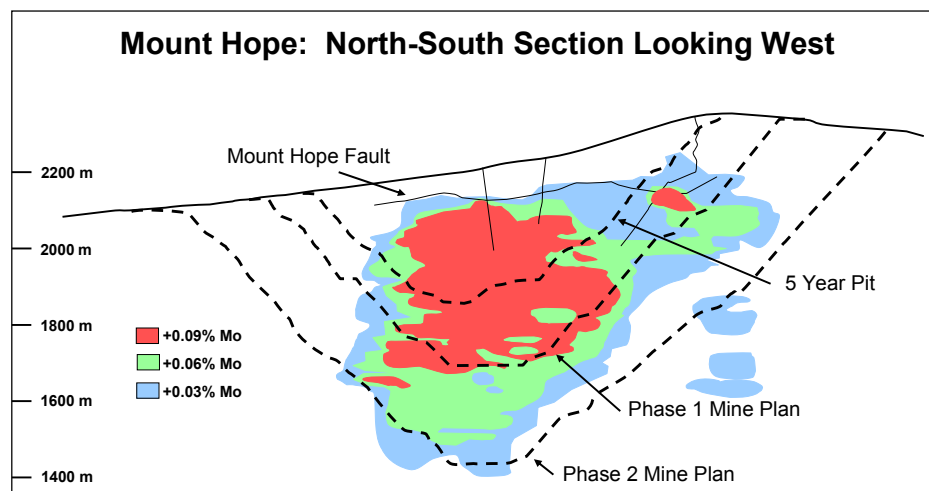
Dacite porphyry occurs as dikes around the perimeter of the Mount Hope complex. A larger mass may exist in the subsurface to the east. The least silicic of the igneous rocks of the complex, the dikes, may represent late leakage from a large deep-seated intrusion from which the Mount Hope rhyolites differentiated. Dacite porphyry post-dates the mineralization.

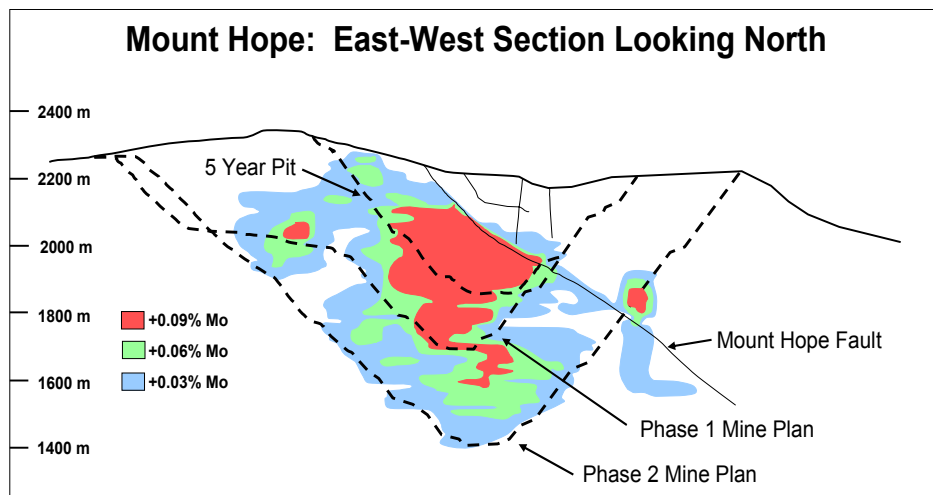
The classic patterns of rock alteration developed symmetrically around the Mount Hope mineral system and reflect gradients of temperature, pressure, and chemistry in hydrous fluids emanating from an intrusive source. From the periphery of the complex inward, alteration types are differentiated as argillic, potassic, high silica, and biotite zones. Each zone is defined according to alteration mineral assemblages, rock composition, and the abundance and types of veins and selvages. Alteration zones also coincide with characteristic minor element geochemical signatures.

Deposit Type

The Mount Hope deposit is a molybdenum porphyry, typified by the deposit at Climax, Colorado. This type of deposit has well zoned molybdenum mineralization where the grade zoning surrounds the central zone of the deposit and forms geometries that are circular in plan and arch (inverted bowl) shaped in section.

Mount Hope differs from Climax in that the multiple mineral centers are adjacent horizontally rather than juxtaposed over the same porphyry center. The centers of mineralization on N-S and E-W sections are illustrated in the figures within the “Mineralization” segment below.





The mineral zones or “shells” consist of quartz porphyry rock that has been veined by quartz stockwork containing molybdenite. We are focused on the economic molybdenum mineralization in the deposit, however other mineralization in the district such as tungsten, silver, gold, lead, zinc, and copper are present and we will evaluate these more fully in the future.

Mineralization

The main form of molybdenum mineralization is molybdenite, developed within porphyritic rocks of the Mount Hope complex and in the Vinini hornfels adjacent to the southern margin. Much of the known molybdenite is distributed around two mineralized systems consisting of two dome shaped zones of mineralized stockworks. These inverted bowl shaped zones of molybdenum mineralization are developed symmetrically around two stocks of aplitic quartz porphyry. The eastern and western mineral systems each contain mineral shells at least 1,000 meters in diameter, and the two systems are centered about 700 meters apart along a west-northwest axis. Mineral shells consist of quartz porphyry rock, weakly to densely veined by quartz stockwork containing molybdenite.

Eastern and Western Mineral Systems

The western mineral system is characterized by a somewhat triangular distribution of molybdenum grades in plan view with well defined grade zones. Mineralization is best developed in the southern and eastern quadrants of this system. The center of the system is directly above the western aplitic quartz porphyry intrusive stock.

The eastern mineral system contains well developed mineral grade shells in quartz porphyry above the eastern aplitic porphyry stock. In the northwest quadrant of the system, these shells are continuous with mineralization of the overlap zone. The apex of the mineral system has, however, been sliced off and faulted down and eastward along the Mount Hope Fault. The offset fault mineralization is theorized to lie above the fault, centered 300 meters east of the axis of the eastern system, 300 meters deep. Initial drilling has confirmed the existence of this fault slice. However, total delineation of the mineralization has not been completed because the mineralization dips steeply to the east and is probably too deep to be interesting for development by open pit mining.

Overlap Zone

A concentration of higher grade mineralization, averaging approximately 0.15% molybdenum, is present between the eastern and western mineral systems. Referred to as the overlap zone, this zone is roughly 400 meters in diameter and varies from 100 to 300 meters deep. The top is 100 meters below the ground surface. This zone is the nucleus of the open pit target. Overlap mineralization lies beneath the Mount Hope Fault, and the upper, eastern edge is truncated by

the fault surface. The overlap zone is interpreted as a rock volume that was mineralized by both mineral systems in sequence, contributing to a greater intensity of stockwork veining and additive molybdenum grades.

Grade Zoning

The Mount Hope deposit does exhibit well behaved grade zoning around the two mineral centers. These zones are sufficiently well defined that they were hand contoured and assigned to blocks during the block modeling process.

Exploration

Since acquiring access to the property, we have not completed additional exploration drilling, but intend to explore for zinc potential at Mount Hope starting end of Q1 2006. We also plan to complete additional drilling for the purposes of obtaining engineering information for items such as geotechnical design, hydrology, and condemnation for waste dumps and tailings ponds.

Drilling

The definition drilling at Mount Hope has been predominately performed by utilizing by diamond core methods, although two reverse circulation (“RC”) rotary holes were drilled by Cyprus during 1989, and 31 RC holes for waste and tailing site condemnation were drilled by Exxon. Within the 31 Exxon RC holes, there were only 4 assay intervals above the cutoff grade applied in the calculation of the mineralized material described in this Annual Report on Form 10-KSB.

IMC engineers observed during the site visit that some of the early Phillips holes were BX size core (1.66 inch core). The majority of the Exxon holes are NQ and HQ sizes (1.875 and 2.5 inch respectively).

The assays from the two Cyprus rotary holes are in the databases as are the results from the Phillips and Exxon drill programs. The total drill hole database used for the estimation of the mineralized material described in this Annual Report on Form 10-KSB contains 165 drill holes representing 70,253 meters of core, of which 21,986 sample intervals have been assayed for molybdenum.

Sampling Method and Approach

The majority of drilling used for estimation of mineralized material utilized diamond core methods. The core has been split, prepared and assayed for molybdenum metal. Other accessory minerals were assayed but only molybdenum has been used in the economic estimation process.

The sample procedures for the rotary holes described above are not known; however, some of the remaining samples at the core shed imply that conventional RC practices were used.

The RC sample preparation and verification was not prioritized by IMC because the data was used primarily for condemnation, and IMC’s count of only four intervals above cutoff grade confirms that fact.

Sample Preparation and Analysis

The vast majority of the drilling and assay data available at Mount Hope was completed under the control of Exxon. The Exxon reports described the sample preparation and assay procedures used. The checks and verification by IMC and by us of the Exxon data are summarized in the section “Data Verification” below.

The historic Exxon information indicates that the sample preparation procedures were as follows:

- Split drill core with conventional core splitter;
- Crush split core on site to 1/8 inch;

- Split 1/8 of the crushed sample with a Jones splitter for assay prep;
- Ship crushed samples to Rocky Mountain Geochemical for further prep;
- Grind to 100 mesh with a Braun Pulverizer;
- Split out 150 to 175 gm and grind to 200 to 300 mesh with ring pulverizer; and
- Digest in Perchloric acid and analyze with atomic absorption (“AA”).

Preparation of drill samples during the first two years of 1978 and 1979 involved crushing to ½ inch, of which 25% was sent for preparation. Assay results for these two years were unstable which was caused by the coarse split at ½ inch. All intervals during this period were resampled and assayed by the methods listed above with a 1/8 inch crush before splitting. IMC found records of this process and the reassays in the paper files. The reassays were used in the database.

Exxon also instituted the use of standards and external check assays. External checks were selected as a second 1/8 split of the 1/8 inch crush material roughly every 10 intervals. These were checked at the Chemex Metallurgical Services lab in Salt Lake City, Utah. IMC found record of these check assays within the drill logs and, where observed, found them to be close checks of the original Rocky Mountain assays.

Since all of the drilling, sampling and assaying procedures were completed by Exxon prior to our involvement, we and IMC embarked on a check assay program to verify the historic sample and assay procedures.

Data Verification

The Mount Hope database was provided to IMC in 1995 by Kennecott. IMC provided copies of the electronic data and the block model to our personnel at the start of the current project. Our personnel checked much of the database against drill logs, and IMC independently spot checked a number of holes against drill logs and assay certificates.

The Mount Hope deposit is unique in that the database, model, and project engineering are in the metric system, although the deposit is located within the US. The conversion to the metric system was accomplished by Exxon during their exploration and development drilling of the deposit. Our personnel compared the Exxon established metric grid to the state plane system of Nevada. The conversion is linear and consistent. There is a consistent offset between the direct metric conversion of the Nevada state plane and the Exxon system, but the local Exxon system is internally consistent. Future project updates may convert the entire project to the Universal Transverse Mercader system (“UTM”) which provides a constant distance relationship anywhere. In angular coordinate systems such as latitude and longitude, the distance covered by a degree of longitude differs as you move towards the poles and only equals the distance covered by a degree of latitude at the equator. Since land navigation is done in a very small part of the world at any one time using large scale maps, the UTM system allows the coordinate numbering system to be tied directly to a distance measuring system, which produces a more standard survey basis.

Our engineers checked a number of drill hole collar locations by hand-held GPS on several outings. IMC personnel accompanied us on one these outings where roughly 10 holes were checked. In addition, a survey contractor from Elko, Nevada was used to spot check the locations of seven of the holes while on site. In particular, holes with discrepancies between the hand written logs and the electronic file were selected for field check. With the exception of one drill hole, the field surveys by GPS were within a few meters of the electronic data file. Survey discrepancies within the paper logs may have been due to the exploration practices of using a preliminary survey on the logs. Detailed survey techniques were then used once the hole was complete for the electronic data set. Two minor errors were discovered and corrected.

After correction, the Mount Hope database is comprised of 165 drill holes containing 70,253 meters of core with 21,647 sample intervals, of which 21,986 intervals have been assayed for molybdenum (%Mo).

Independent Assay Check

A team made up of IMC and our personnel spent approximately three days in the Exxon constructed core shed on site to collect 49 drill intervals of half core for check assay. These 49 samples were collected from 10 drill holes that span the entire history of Exxon drilling and included one hole drilled by Phillips and one sample from one hole drilled by Cyprus.

During this process, IMC personnel checked the logged rock types and alterations against direct observation of the core and found the logs to be consistent and reliable.

The entire half core was sent to ALS-Chemex in Elko, Nevada for preparation followed by three acid digestion with AA finish check assays. IMC assisted in and observed all of the sample collection, bagging, and labelling for shipment of the check samples prior to shipment. Samples were loaded onto the transport vehicle by IMC and our personnel and driven by one of our contractors to the ALS-Chemex lab in Elko. The sample inventory sheet from ALS-Chemex matched the sample delivery list prepared by IMC, precisely indicating proper chain of custody of the samples.

Both our company and IMC specified the sample preparation and assay procedures to be used for the check. A standard ALS-Chemex preparation procedure was selected as follows:

- Crush the entire half core to 10 mesh;
- Split 250 gm for pulverizing;
- Pulverize to 70% passing 75 micron (200 mesh);
- Digest with 3 acid Aqua Regia; and
- Analyze 0.4 gm aliquote with AA (Mo-AA46 method).

Additional assay results and methods were completed by ALS-Chemex at our request. That information was utilized by both process and environmental contractors. IMC focused on the procedures listed above in order to verify the historic sample preparation and assay procedures. The check assay results were forwarded by ALS-Chemex directly to IMC and us simultaneously. IMC compared the database information with the check assay results.

In summary, the mean of the original 49 samples was 0.099% Mo, and the mean of the check assays was 0.101% Mo. The check assays provide a sound confirmation of the historic sample and assay procedures that were applied at Mount Hope. Combined with the database checks and collar coordinate survey checks, IMC has formed the opinion that the data set can be used to define the mineralization or mineralized material described in this Annual Report on Form 10-KSB.

Adjacent Properties

In north-central Nevada, there are a number of producing mines. Most of the producing mines in this portion of the state are precious-metal open-pit mines. The closest active mine operation to Mount Hope is Barrick Gold Corporation's Ruby Hill gold mine which has been recently re-activated due to the higher metal prices. It is located about 30 km south of the Mount Hope deposit. There are no known mine or active exploration projects within the immediate few kilometers of the Mount Hope deposit.

Mineralization to be Mined

The following tables itemizes the mineralized material and head grades to be mined per the mine plan given in Technical Report:

Table 2-1
Mount Hope Project
Phase 2 Production Schedule
26 October 2005

(Mo% refers to percent molybdenum)

Year	Process Plant Feed			Low Grade		Low Grade		Waste Lt 0.034% Ktonnes	Total Material Ktonnes
	Cutoff Mo%	Ore Ktonnes	Head Mo%	0.034 to Stockpile Ktonnes	Mo%	From Stkp to Mill Ktonnes	Mo%		
Preprod.	0.050	1202	0.073	2675	0.041			43,373	47250
1	0.050	13399	0.103	5530	0.041			52,071	71000
2	0.050	14600	0.109	7528	0.041			48,872	71000
3	0.066	14600	0.130	6418	0.045			49,982	71000
4	0.054	14600	0.147	7099	0.043			49,301	71000
5	0.050	14600	0.103	12136	0.041			44,264	71000
6	0.050	14600	0.107	8768	0.043			47,632	71000
7	0.050	14600	0.089	6150	0.042			50,250	71000
8	0.050	14600	0.106	12626	0.041			34,774	62000
9	0.048	14600	0.085	16226	0.041			31,174	62000
10	0.046	14600	0.087	6226	0.040			41,174	62000
11	0.046	14600	0.098	6994	0.039			40,406	62000
12	0.034	18250	0.071	7707	0.040			36,043	62000
13	0.034	18250	0.075	2045	0.038			41,705	62000
14	0.034	18250	0.059	2669	0.041			41,081	62000
15	0.034	18250	0.062	4046	0.036			39,704	62000
16	0.034	18250	0.068	234	0.038			43,516	62000
17	0.034	18250	0.079			2038	0.041	45,788	62000
18	0.034	18250	0.077			729	0.041	44,479	62000
19	0.034	18250	0.074	321	0.036			43,429	62000
20	0.034	18250	0.081			602	0.041	44,352	62000
21	0.034	18250	0.075			2823	0.041	46,573	62000
22	0.034	18250	0.074			3176	0.041	46,926	62000
23	0.034	18250	0.080			3277	0.041	47,027	62000
24	0.034	18250	0.051			561	0.041	35,311	53000
25	0.034	18250	0.053			1465	0.041	36,215	53000
26	0.034	18250	0.058			2183	0.041	36,933	53000
27	0.034	18250	0.060			2179	0.041	36,929	53000
28	0.034	18250	0.062			2657	0.041	37,407	53000
29	0.034	18250	0.062			2212	0.041	36,962	53000
30	0.034	18250	0.065			1391	0.041	36,141	53000
31	0.034	18250	0.060			3650	0.041	38,400	53000
32	0.034	18250	0.062			3650	0.041	38,400	53000
33	0.034	18250	0.064			3650	0.041	38,400	53000
34	0.034	18250	0.062			3650	0.041	38,400	53000
35	0.034	18250	0.059			3650	0.041	38,400	53000
36	0.034	18250	0.053			3650	0.041	38,400	53000
37	0.034	18250	0.054			3650	0.041	23,203	37623
38	0.034	18250	0.056			3650	0.041	14,903	29503
39	0.034	18250	0.056			3650	0.041	14,930	29530
40	0.034	18250	0.056			3650	0.041	11,928	26528
41	0.034	18250	0.059			3650	0.041	5,645	20245
42	0.034	18250	0.057			3650	0.041	9,128	23728
43	0.034	18250	0.056			3650	0.041	5,661	20261
44	0.034	18250	0.056			3650	0.041	3,031	17631
45	0.034	18250	0.056			3650	0.044	2,481	17081
46	0.034	18250	0.057			3650	0.041	1,988	16588
47	0.034	18250	0.057			3650	0.041	1,400	16040
48	0.034	18250	0.057			3650	0.041	1,445	16045
49	0.034	18250	0.055			3650	0.041	1,913	16513
50	0.034	18250	0.057			3650	0.041	2,359	16959
51	0.034	18250	0.057			3650	0.041	1,369	15969
52	0.034	18250	0.054			3650	0.041	2,923	17523
53	0.034	11340	0.043			9805	0.041	201	1736
TOTAL		920,191	0.069	115,398	0.041	115,398	0.041	1,644,562	2,564,753

The modelled pit including the above mineralized material to be mined over 53 years contains 2,564,753 K tonnes of total material.

The mineralized material is the total of the planned production from the mine plan and schedule presented in the Technical Report. The total mineralized material includes the direct mill feed from the pit and the stockpile rehandle at the end of the mine life. Consequently, the total production is based on a 0.034% Mo cutoff grade.

Economics of the mining of the mineralized material for the Mount Hope Project were developed from the model results at a molybdenum price of \$7.00/lb Mo. The price chosen for the economic study was \$7.00/lb F.O.B. dealer oxide price (dealer oxide price does not include freight from Mount Hope to buyer and does not include dealer commission.) This price was chosen because it represents approximately the 30 year arithmetic mean of the molybdenum dealer oxide price corrected for the current value of the dollar compared to the high value of the dollar in 1999 ($\$5.60/\text{lb} \times 1.25 = \$7.00/\text{lb}$).

A 0.034% Mo cutoff was applied in an effort to maximize the return on investment.

Mining

The Mount Hope Project is planned for production by hard-rock open-pit mining methods. A large mine is being proposed and large-scale mining equipment is to be used. It is proposed that mining will be accomplished on 15m benches (47 feet) and the mining cycle will follow conventional hard rock unit operations.

We expect that blast hole drilling will utilize three conventional rotary blast hole drills with 125,000 lb (56,700 kg) pull-down capacity and the bit diameter is currently planned to be 13.75 inches (34.9 cm(s)). Drill hole cuttings will be sampled and assayed for ore control purposes.

A detailed evaluation of the potential to profitably extract the deeper portion of the deposit was conducted between August and mid-October, 2005 (the “**Mine Plan**”). It is proposed that blasting will utilize bulk loaded ANFO as the blasting agent. The Mine Plan provides that the primary loading units will be two electric cable shovels with 43.5 cubic meter (57 cubic yard) shovels. Clean up and support loading will be accomplished with a front end loader of 18 cubic meter capacity (23.5 cubic yard). Haulage is planned with 232 tonne (255 ton) capacity haul trucks typical of the Cat 793 class units. The mine fleet is expected to build to 16 trucks in year three and further expand to 20 trucks in year six.

Sufficient mine auxiliary equipment is planned to ensure efficient and safe working conditions for the major mine equipment.

Mineralized material will be hauled directly to the crusher at the southeast side of the pit. Waste will be delivered to one of four approved waste sites located around the mine. The waste sites have been selected to minimize haulage costs. Waste dumps are generally constructed at 2.5:1 slope angles to simplify reclamation at the end of the mine life. One low grade stockpile is located south of the pit. Although much of the “stockpile grade” material will go directly to the mill, some will be temporarily stockpiled depending on the cutoff grade. This material will be re-handled and processed through the plant at various times during the 53-year mine life. The capacity of the stockpile will be 60,000 tonnes.

Process Overview

The development of the metallurgical process to treat Mount Hope ore has resulted in a variable milling rate of between 40,000 and 50,000 tonnes per day. In years 1-11, the milling rate will be 40,000 tonnes per day. In year 11, an expansion to 50,000 tonnes per day will be completed and sustained for the remainder of the mine life. The metallurgical evaluation and study concludes that the process facilities require a concentrate stage followed by a roasting operation to produce TMO. There is additional roaster capacity during most of the mine life and Toll Roasting of other concentrates is planned. Roaster flue gases will undergo a scrubber process to remove the SO₂ and other pollutants will be controlled pursuant to the terms and conditions of the facility air permit.

The selected process includes conventional crushing, wet grinding and differential flotation using slaked lime for pH control in the rougher circuit and sodium hydroxide in the cleaner circuit, to produce a molybdenum concentrate. Thickeners and filters will dewater these concentrates to produce a filter cake for further processing in a roaster. If the toll concentrates require pre-treatment prior to roasting, a separate regrind and cleaner flotation circuit has been incorporated into the mill design, with its tails (off specification concentrate) going onto leaching before roasting.

The process design is based on existing technologies and the largest practically available and proven equipment sizes. The facilities will be located between the Mount Hope mine and the proposed tailing impoundment. The plant site has been laid out to be as compact as possible and will be contoured to allow gravity to flow between the major process unit operations.

The process circuit consists of the following components:

Primary Crusher & Coarse Ore Stockpile – The primary crusher (62x75 superior gyratory) is located adjacent to the pit and crushed ore is fed to a 60,000 tonne live capacity stockpile.

SAG & Ball Mill Circuit – Ore is reclaimed from the stockpile from one of four feeders and related conveyors located in a tunnel under the stockpile. The coarse ore is fed by conveyor to the SAG mill. Following the SAG mill, the ore is ground to 80% passing 150 microns in the ball mill.

Conveyors, stockpile feeders and the SAG mill (including electrical systems) are initially designed to handle 50,000 tonnes per day. Foundations and building space are provided in the initial construction for a future additional ball mill in year 11 that will bring the throughput up to 50,000 tonnes per day starting in year 12.

Flotation Circuit – Following the grinding circuit, the ore is processed in the flotation plant at a rate of 40,000 tonnes per day in years 1-11; interconnecting pipes in the rougher section are initially designed to handle the future 50,000 tonnes per day. An additional 160 cubic meter flotation cell is added to the rougher circuit in year 11 to bring the capacity up to 50,000 tonnes per day in year 12. The molybdenum ore will be treated through one stage of a rougher/scavenger and concentrate from the rougher/scavenger will be treated through five stages of cleaner flotation to produce the final molybdenum concentrate. The tailings from the flotation circuit will be the final tails. The molybdenum circuit will produce a concentrate with a Mo content of 55% at a projected molybdenum recovery of 88-94%, depending on the mill feed grade.

Roaster Circuit – The molybdenum concentrate will then be processed in a multi-hearth roaster to produce a final technical grade molybdenum oxide product. Recovery in the roaster circuit is expected to be 99.2%. Additional concentrates from sources other than Mount Hope, when available, will be treated in most years to fill the roaster to capacity and generate toll-roasting revenue for the mine. Initial capital is spent to provide a toll-roast concentrate pre-treatment system for these toll-roast concentrates from other sources. Mount Hope concentrates are clean enough to by-pass this pre-treatment step.

Metallurgical Testing

The following discussion of metallurgical testing and the process flow sheet has been derived from pre-feasibility analyses prepared by IGMI and has been included in the Technical Report.

The metallurgical profile for the project is based on the extensive work conducted by Exxon Minerals. The Exxon testing and IGMI analysis of results demonstrate that the Mount Hope ores are metallurgically uncomplicated. IGMI expects that improvements in concentrate grades and recoveries through optimization of the flow sheet, process water recycle, and cleaner circuit can be made.

In the flow sheet development work, no particular problems relating to the ore composition were experienced. The molybdenite was well liberated at approximately 35 microns. A large amount of the molybdenite in the ore was fairly coarse (100-500 micron) in size. The small percentage of sulfide gangue minerals – pyrite, sphalerite, chalcopyrite, and galena – and nonsulfide gangue minerals – silica, silicate, and, calcite – were easily liberated. The concentrate

grade in terms of the molybdenite assay was acceptable. Standard technical grade molybdenum oxide (TMO) specifications can be met.

Exxon prepared three large metallurgical composites of crushed drill core. Approximately 8000lbs of crushed drill core rejects were used to develop the three basic composites. The metallurgical composite types were actually a combination of lithologic rock types and a mineralization type. The process rock type components were: 1) Quartz Porphyry, and 2) Vinini Hornfels. The third process type was called "Blue Quartz", which reflects one type of molybdenum mineralization within the deposit where quartz contains fine grained disseminated molybdenite. This material typically occurs at depth within the deposit.

The three major composites were: 1) a combination of 80% Quartz Porphyry, 10% Vinini and 10% Blue Quartz, 2) 100% Vinini, and 3) 100% Quartz Porphyry.

Exxon flotation testing included a broad range of flotation and grind tests including detailed lock cycle testing. IGMI has planned additional process testing for detailed engineering purposes.

The flotation tests conducted by Exxon on the three ore composites lead to the following conclusions:

- The molybdenum present in the ore occurs in the form of molybdenite, of which up to 88.0-94.0% is expected to be recovered in the final concentrate, taking into consideration the mill feed grade range of 0.04% to 0.15% Mo, and technological improvements in grinding and flotation practices that have occurred since the Exxon study in 1983 (where 90.0% of the molybdenum was recovered at a mill feed grade of 0.10% Mo). All Exxon metallurgical recovery data was reviewed, including work at Hazen Research as well as work at the Exxon Florham Park labs, and a grade versus recovery relationship was developed.
- The technological improvements in milling and flotation equipment and practices during the past 22 years will increase the recovery of molybdenum by 2% or more. It is also possible that better concentrate grades with fewer impurities will be achieved.
- Technological improvements since 1983, with respect to particle size, control of the regrind and primary grind circuits, will have the greatest effect on metallurgical performance. Most of the molybdenum losses in the 1983 test work occurred in the minus 11-micron particle size fraction. The new particle size control technology will significantly reduce the amount of minus 11-micron particles produced. On-line particle size analyzers are now available that, when coupled with tower mill regrinding technology, and more efficient modern cyclones, will result in improvements in particle size control.
- Other instrumentation coupled with state of the art computer control is also available today to improve recovery. These include on-line analysis of input and output slurry streams for molybdenum, slurry density, flow measurement, and pulp level control. Through state of the art computer control of these systems, flotation reagent additions can be controlled to maximize molybdenum recovery.
- Column cell technology was in its early stages of development in 1983. It has developed greatly since then for use in cleaner flotation circuits and will likely result in higher molybdenum concentrate grades with lower deleterious impurity concentrations than achieved in the 1983 test program, which utilized only mechanical flotation.
- Though not directly tied to recovery improvement, there are other improvements available now in process control that will minimize grinding energy consumption and consumption of grinding media and mill liners, three key operating cost components in the Mount Hope concentrator.
- The three ore composites responded to a single flow sheet and the same reagents, yielding 88.3% to 91.0% recoveries at a final concentrate grade of 91.4% to 92.9% MoS₂. The final concentrate grade and molybdenum recovery may be improved by 1 to 3% by the optimization of grind size and flotation reagents regime, and by using column flotation.

- The physical and chemical characteristics of the tailings indicated that the tailings could be a net acid producer. See “Business – Description of the Mount Hope Project – Environmental Regulations and Permits”.

Tailings Facility

The proposed Mount Hope mining and processing operation will produce approximately 14.64 million tonnes of tailings (including SO₂ scrubber residue) per year during years 1-11 and 18.29 million tonnes per year during years 12-53. Approximately 920 million tonnes of tailings will be produced from the Mine Plan. Approximately 710 million cubic meters (m³) of storage capacity will be required to accommodate the 920 million tonnes of tailings at a stored dry density of 1.3 tonnes per cubic meter.

The Tailings Storage Facility (“TSF”) layout provides for the construction of two tailings impoundments. The split facility from the siting analysis has shown to be the most cost effective and to require the lowest initial capital expenditure for the starter facility.

The embankment section for the two facilities is similar and includes a compacted earth fill starter embankment for startup operations, a cycloned sand centerline that rises above the starter embankment crest to the ultimate height, and a toe berm at the downstream limits of the ultimate embankment limits. An under drain will be constructed in the downstream sand embankment section with drainage collected in finger drains for routing to a collection pond situated downstream of the ultimate embankment toe. Underneath all of the embankment and basin areas of the TSF is a 12-inch compacted-soil liner. Cyclones will be operated as mobile dam builders along the embankment crest. Tailings will be pumped as slurry (presently assumed to be at 35% solids content) from the mill, over land, and through a pressure rated HDPE pipeline to the tailings impoundment embankment. Water from the slimes impoundment water pool will be returned to the mill for re-use in the process via an overland HDPE pipeline.

Project Feasibility

The cost estimates set out in the Technical Report are summarized in this section.

Capital Costs

The overall capital cost for the project is summarized below. The development of the capital estimate includes elements having a +/- 20% accuracy level, with the detailed contingency analysis suggesting an overall 15% contingency value.

The capital cost is stated in Q2 2005 US dollars. The estimates have been prepared by the feasibility contractors of: IMC (mining), Chlumsky, Armbrust & Meyer LLC (plant and facilities), Smith Williams Consultants Inc. (tailings dam), and IGMI and Terry Owen Consulting Inc. (plant sustaining, owners cost, and contingency). Owner costs were developed by IGMI personnel.

The major capital components are: 1) the mine fleet and 2) the process plant equipment.

First quarter 2005 equipment quotes were obtained for all major equipment. Pricing for steel was based on forward looking price estimates, instead of the current inflated price structure. An additional working capital of \$41.6 million is incurred that was not shown on the table as it is recovered at the end of the mine life.

Capital Costs	\$ Millions
Mine Preproduction Stripping	\$ 28.8
Initial Mine Mobile Equipment	\$ 72.9
Process Plant and Infrastructure	\$233.9
Owners Costs	\$ 26.9
Contingency ⁽¹⁾	\$ 50.1
Total Initial Capital	\$412.6

(1) Contingency is equal to 15% of the first three capital costs listed above.

Ongoing replacement and sustaining capital over the 53-year mine life plus 3 year reclamation period is as follows:

Total Sustaining Capital for 53 Years	\$ Millions
Mine Equipment Replacement	\$329.3
Process Plant Sustaining	\$150.7
Total Project Life Sustaining Capital	\$480.0

Operating Costs

The operating cost estimate was developed by the feasibility contractors in conjunction with IGMI. Operating costs were calculated from a first principles basis. Input costs were obtained from similar projects of similar size and using the latest reported figures for labor and staff costs in Nevada.

The cost for electrical power was \$0.052/kwh, which is based on the current rates for a neighbouring mine, located in the Ely, Nevada, which is in the Mount Wheeler Power district (the same district as Mount Hope). The estimated cost for diesel fuel was \$1.59/gallon based on the assumption that current inflated prices will moderate in the near future (less than five years).

Based on the current mine and processing plan, IGMI would employ 321 people at the Mount Hope Project. IGMI is committed to hiring a local work force and would seek to maximize employment during operations and construction from the local area.

Project Operating Costs over the 53 years of the mine life average:

Average Project Operating Costs	\$USD
Mine Cost per Tonne of Ore	\$2.47 / tonne ore = \$0.85 / tonne material
Process Plant and Tailing	\$2.42 / tonne ore
G&A at \$6.20 million / Year	\$0.36 / tonne ore
Cash Cost of Mining and Concentrating	\$5.25 / tonne ore = \$3.80 / lb Mo
Moly Roasting and Packaging	\$0.26
Total Cash Cost per lb Moly	\$4.06 / lb Mo (average for 53 years)

The pre-feasibility study presents detailed cost estimates by year of the mine life. The information in this section is provided as a summary only.

Mount Hope Key Market Issues

Products

Mount Hope will primarily focus on producing TMO because all downstream processing begins with TMO, and TMO is the most widely traded molybdenum product. Since global Toll Roasting capacity in 2004 and 2005 is estimated to have been insufficient to meet demand, Mount Hope will require roasting facilities dedicated to processing Mount Hope concentrates with the option to roast concentrates from other producers (Toll Roasting).

The roaster will be located at the Mount Hope mine site and will have the nominal design capacity to produce 38.5 million pounds contained molybdenum in TMO. The above economics analysis assumes the roaster is located at Mount Hope and that it is permitted along with the mine and concentrator. The roaster is expected to be completed at the time of concentrator start-up. On-site roasting will prevent our operations from becoming vulnerable to the availability of other downstream plant capacities or willingness to process the molybdenum from the Mount Hope operations. We will conclude a separate roaster study directed toward siting, process, and design in early 2006. We will also evaluate the opportunity to provide custom or Toll Roasting for other producers and we are looking at alternative sites for the roaster.

The recommended packaging for TMO is steel cans, steel drums, and large bags. The package size and type will be determined by specific client requirements. We will conduct further studies on packaging type during the detailed engineering stage after the client base is determined.

We will evaluate production of other molybdenum products in the future. Ferromolybdenum is a widely traded molybdenum product. Ferromolybdenum does not necessarily provide additional profits over TMO sales, however, because the ferromolybdenum price generally only accounts for the processing costs beyond producing TMO.

End Markets and Regions

As the steel industry is the primary consumer of molybdenum products, steel manufacturers will be the primary market target for Mount Hope TMO. According to USGS statistics, the top ten steel producing countries in 2003 were China, Japan, United States, Russia, South Korea, Germany, Ukraine, India, Brazil, and Italy.

Accordingly, we will seek purchasers of our Mount Hope TMO from stainless and flat-rolled steel producers, primarily located in Asia, Europe and, to a limited extent, the north-central United States. Attention will be placed upon creating a quality TMO product to meet specific requirements of a wide range of consumers. The Mount Hope molybdenum products will meet the standard TMO specifications.

Economic Analysis

We and our contractors prepared a financial analysis model for evaluation of the project based on the pre-feasibility study mine plan, process plan, and estimated capital and operating costs. The pre-feasibility study results have been summarized in “Business – Description of the Mount Hope Project – Project Feasibility” of this Annual Report on Form 10-KSB.

Our financial model was simplified to a pre-tax basis to confirm the positive economic outcome of the feasibility evaluation of the Mount Hope Project. The results of our financial model assumptions were independently checked by IMC. IMC engineers developed a separate pre-tax cash flow analysis of the project based on the results of the IMC mine plan, the costs presented in this report, and sensitivities to prices and recoveries. In summary, the IMC pre-tax cash flow analysis would add approximately 1.1% ROI to our work for the base case presented herein. IMC calculations are slightly more sensitive to low metal prices than our calculation, but the results, even at low metal prices, remain positive and are within the established parameters of IMC’s cash flow calculation.

The results of our economic calculations, including royalties, are summarized as follows:

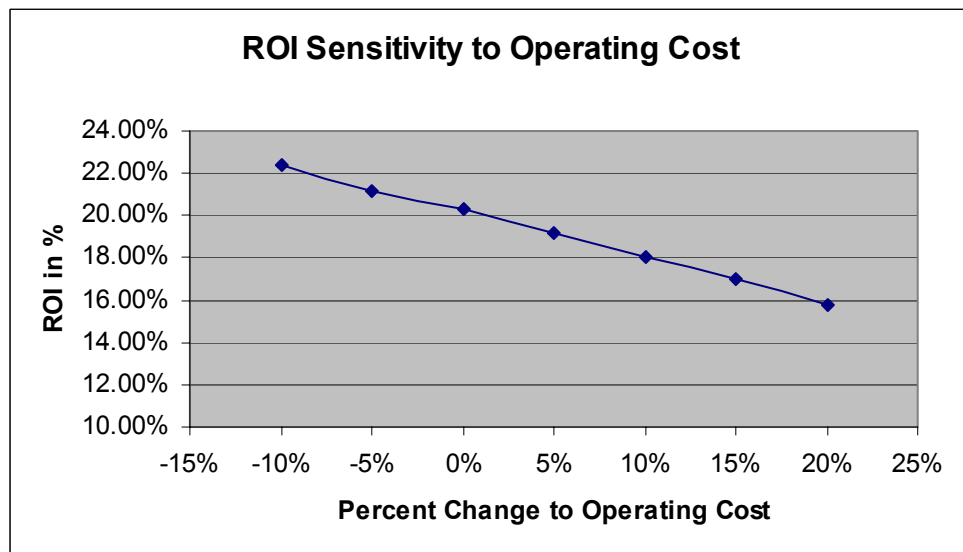
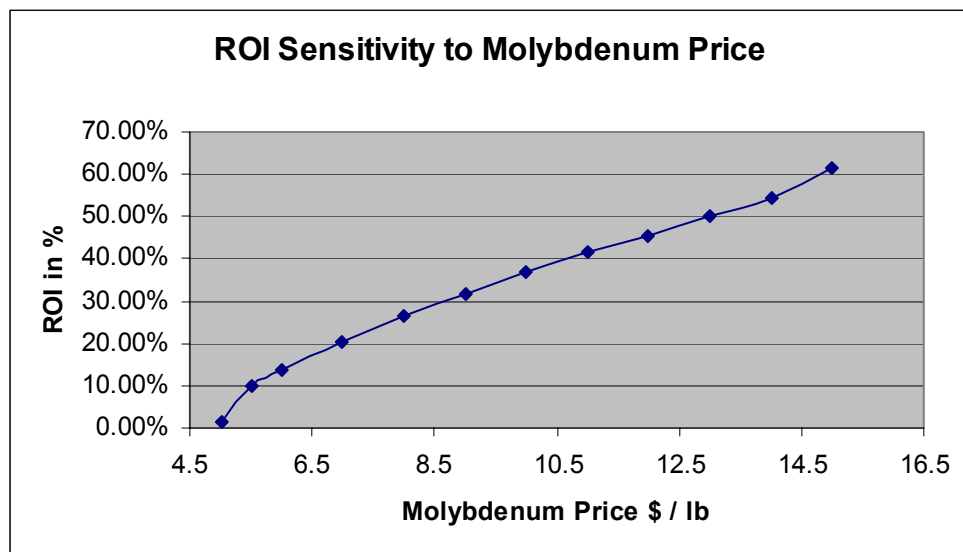
Project Initial Capital Cost ⁽¹⁾	\$412.6 Million
Base Case Molybdenum Price	\$7.00
Operating Cost per lb molybdenum – First 11 years	\$3.40
Operating Cost per lb molybdenum – First 5 years	\$3.15
Project Life	53 years
ROI (after-tax) w/ Toll Roasting ⁽²⁾⁽³⁾	19%

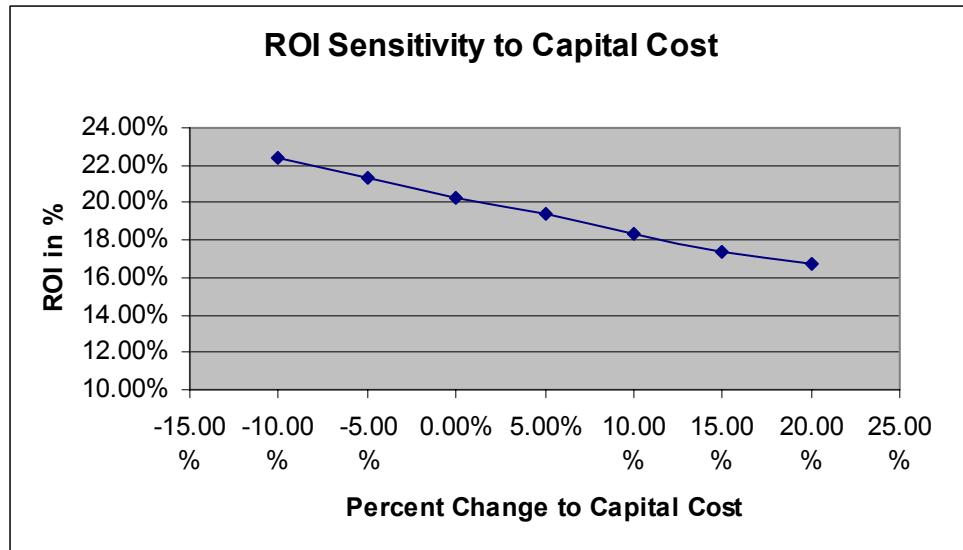
(1) The Technical Report provides initial capital expenditures of \$412.6 million, the difference being that we applied a larger contingency in the pre-feasibility study where initial capital was estimated to be \$416 million.

(2) No early Toll Roasting is assumed in the pre-feasibility study.

(3) In addition, ROI (pre-tax) without Toll Roasting is 20.3% and ROI (pre-tax) with Toll Roasting is 21.8%.

The charts below are pre-tax.





The basic input parameters were adjusted to determine the sensitivity of the project to changes in metal price, capital cost, and operating cost. The table below summarizes the results of the sensitivity analysis. The sensitivity analysis was augmented with additional work by IMC using the IMC pre-tax cash flow analysis. The parameters where a 0.0% ROI or breakeven case exists were estimated.

IMC Cash Flow Sensitivity Check to Find Extreme Limits

	ROI
Base Case \$7.00/lb Mo	20.3%
Metal Price Sensitivity \$5.03/lb Mo	0.0%
Operating Cost Sensitivity Operating Costs x 1.48	0.0%
Capital Cost Sensitivity Mine Life Capital x 3.43	0.0%

At the base case metal price of \$7.00/lb Mo, regardless of whether the operating costs increased by a factor of 1.48 or the capital costs increased by a factor of 3.43, the project would still break even. At the base case cost, a molybdenum price of \$5.03/lb would result in a breakeven project.

Toll Roasting would add about 1.5% more ROI to the project. Taxes reduce the projected ROI by about 2.7%. IGMI calculated the projected ROI at \$7.00/lb Mo with taxes of 18.9%, compared with the IMC pre-tax value of 20.3%.

Other Properties

Hall-Tonopah

On February 14, 2005, we entered into an option agreement with High Desert for a property in Nye County, Nevada. Pursuant to the terms of this agreement, we were granted a nine month option to purchase the ten square mile property including water rights, mineral and surface rights, buildings and certain equipment. On June 15, 2005, we signed an addendum to the option agreement with High Desert whereby, in exchange for \$75,000, the option period was extended to February 4, 2006. In addition, on August 1, 2005, we gave our notice of intent to exercise this option and provided a \$100,000 non-refundable deposit to High Desert. On January 17, 2006, we entered into a second addendum to the option agreement whereby the option period was extended to February 17, 2006. We further extended the option period to March 17, 2006.

The property includes the former Hall molybdenum and copper deposit which was mined by open pit methods between 1982 and 1985 by the Anaconda Minerals Company and between 1988 and 1991 by Cyprus for molybdenum. Equatorial Tonopah, Inc. mined copper from 1999 to 2000 on this property. Much of the deposit was drilled but not developed or mined.

On March 17, 2006, we entered into a purchase agreement with High Desert Winds LLC whereby we purchased this property pursuant to our option. At closing, we paid High Desert a cash payment of \$4.5 million for the property and agreed to make a deferred payment of up to an additional \$1,000,000 in purchase price which is payable, if at all, on or before March 17, 2008 depending on the outcome of activities at the property. The property is also subject to a 12% royalty payable with respect to the net revenues generated from the molybdenum or copper mined and removed from the properties purchased.

Molly Star

The Molly Star project consists of 99 unpatented claims located in Sanders County, Montana. The property contains both a copper-silver and a molybdenum-tungsten porphyry signature. Extensive geologic mapping, geophysical, and geochemical studies have been conducted at the site, and thirteen core holes drilled by ASARCO and Noranda Inc. identified three mineralized zones. Selective flotation would probably be used to recover these metal values to concentrates. Future exploration activities would target the high grade core in the large porphyry system as well as the precious metals component. We consider Molly Star to be an early stage exploration project. We estimate the cost of this project to date to be approximately \$30,000 for claim staking, recording fees, and other work.

Margaret and Red Bonanza

Margaret: On September 28, 2004, we entered into a real estate purchase agreement with Janet Leigh for a 50% interest in 11 mining claims in Skamania County, Washington in exchange for \$100,000 and 400,000 shares of common stock. Ms. Leigh has the option until March 31, 2006 to sell the 400,000 shares of common stock back to us at \$1.00 per share. Extensive geologic mapping, geophysical and geochemical studies were completed by certain exploration companies in the late 1970s and early 1980s. More than 80 drill holes delineating three mineralized zones at shallow depth have indicated gold, silver, copper, zinc and cobalt mineralization. The primary copper mineralization is chalcopyrite, which is the primary sulphide for copper worldwide and normally produces good metallurgical recoveries. We are in possession of the previous drilling records and assay records. On March 24, 2005, we applied for government leases for the portion of the mineral deposit that we do not own. At this time, the government has not yet confirmed that we will be able to obtain the leases. Without the necessary government leases, the property cannot be developed because the BLM owns the surface rights and controls development of the surface and mineral rights.

Red Bonanza: Located two miles north of the Margaret deposit, the Red Bonanza property consists of 75 unpatented claims held by us. The cost of this project was approximately \$20,000 which represented the cost of claim staking, recording fees, and documenting the property. This work was accomplished during October and November of 2004. The property is currently untested by diamond drilling. The Red Springs Breccia overlying the claims is similar to the eroded breccia cap overlying the Margaret Deposit. Historic copper and molybdenum surface anomalies indicated the potential of a significant porphyry system similar to the Margaret deposit.

Turner Gold

On January 14, 2004, we completed the acquisition from Barretta Mining Inc., Hansa Corporation and Americas Mining Corporation of the Turner Gold project consisting of 265 acres of private land and three unpatented claims in Josephine County, Oregon. The volcanogenic sulphide deposit was explored by a number of major companies in the 1980s. More than 80 drill holes delineating three mineralized zones at shallow depth have indicated gold, silver, copper, zinc and cobalt mineralization. Attention will be given to extending mineralized zones by drilling with an emphasis upon diamond drill holes where higher gold values are indicated. We are in possession of the drill core and studies from previous efforts.

As consideration for the Turner Gold project, we made cash payments of \$24,272 and issued 500,000 shares of common stock and common stock purchase warrants to purchase an additional 500,000 shares of common stock at a price of \$0.80 per share for a period of two years, which exercise period was subsequently extended for two additional years. We also paid a finder's fee by issuing 25,000 common stock and common stock purchase warrants to acquire an additional 25,000 common stock. The warrants are exercisable at a price of \$0.80 per share for a period of two years.

It is not our current intention to undertake an exploration program on this property.

Detroit Copper

Located in Marion County, Oregon, the Detroit Copper project consists of 34 unpatented claims. Extensive geologic mapping, geochemistry, and geophysics conducted in the 1970s located a tourmaline-copper breccia pipe, which contains a low-grade core surrounded by a high-grade shell with a ring of sheeted veins. Drilling results from 45 holes have indicated copper, gold and silver mineralization. The primary copper minerals are chalcopyrite and bornite, and the deposit is distinguished by a significant lack of pyrite. These mineralogical characteristics are ideal for mineral concentration by flotation and will likely produce good metallurgical recoveries. We acquired the property by staking unpatented lode claims in October and November of 2004, and expenditures were principally for claim staking and recording fees.

Gazelle Gold

The Gazelle Gold project consists of 119 unpatented claims and is located in Madison County, Montana. The Gazelle Gold project is characterized by a banded iron formation with gold in sulphide facies. We identified five gold anomalies from 891 soil samples collected over a three-mile strike length during the 2004 exploration season. The cost of acquisition included costs for staking claims, recording fees, and data acquisition, which amounted to approximately \$50,000.

Other Properties

We currently own two properties located in Shoshone County, Idaho, namely Chicago-London and Little Pine Creek. Neither property contains any mineralized material nor is there any assurance that a commercially viable mineral deposit exists on either of the properties. Further exploration of the properties would be required before making a determination as to the economic feasibility of the properties. We do not intend to conduct further mineral exploration on either property at this time. The properties are being held for the value of their timber.

Environmental Issues

Shoshone County, Idaho

Our mineral property holdings in Shoshone County, Idaho include lands contained in mining districts that have been designated as “Superfund” sites pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act. A “Superfund” site is an area which can contain many properties owned by many different persons, with each area possibly affected in varying degrees by environmental damage. This “Superfund Site” was established to investigate and remediate primarily the Bunker Hill properties of Smelterville, Idaho, a small portion of Shoshone County where a large smelter was located. However, because of the extent of damage caused by this large smelter, the Superfund Site covers the majority of Shoshone County including our Chicago-London and Little Pine Creek properties (which are distant from the original smelter location) as well as many small towns located in Northern Idaho. We are unaware of any pending action or proceeding relating to any regulatory matters that would affect our financial position due to our inactive mining claims in Shoshone County.

During the fall of 2003, we retained a consultant, W.B. Rust, Consulting Metallurgist to conduct a property environmental investigation of the Chicago-London and Little Pine Creek properties. The study was revised in February of 2004. The study revealed no potential for adverse environmental effects at Chicago London other than approximately 8,000 tons of mine waste rocks. These contain metals with a potential for adverse environmental effects. No evidence was observed that there had been any significant adverse environmental effects from the mine waste rock piles. At Little Pine Creek, the investigation revealed no potential for adverse environmental effects other than the General Mine Waste Dump and portal water discharge. The approximately 8,500 tons of mine waste was identified only insofar as it contains metals which thus far have had no adverse environmental effects. The portal discharge was identified because it may contain dissolved metals but because the flow of water is less than 20 gallons per minute; no evidence was observed of any significant adverse environmental effects.

The Mount Hope Project

Our lease for the Mount Hope Project requires us to implement certain minimal environmental remediation. Specifically, we must spray buildings to protect from the hantavirus (accomplished during the second quarter of 2005), and we must dispose of abandoned barrels and transformers on the property (this plan is yet to be submitted to MHMI, but actual remediation work is currently estimated to cost less than \$50,000). This is to be accomplished according to a timetable that is dependent on the requirements of the BLM and Nevada State environmental regulators.

Applicable Mining Laws

Mining in the State of Nevada is subject to federal, state and local law. Three types of laws are of particular importance to the Mount Hope Project: those affecting land ownership and mining rights; those regulating mining operations; and those dealing with the environment.

The Mount Hope Project is situated on lands owned by the United States (“**Federal Lands**”). Our company, as the owner or holder of the unpatented mining claims, has the right to conduct mining operations on the lands subject to the prior procurement of required operating permits and approvals, compliance with the terms and conditions of the Mount Hope Lease, and compliance with applicable federal, state, and local laws, regulations and ordinances governing the staking and registration of mining claims, the operation of mines, an approved Mine Plan and environmental laws. On Federal Lands, mining rights are governed by the General Mining Law of 1872 as amended, 30 U.S.C. UU 21-161 (various sections), which allows for the location of mining claims on certain Federal Lands upon the discovery of a valuable mineral deposit and on proper compliance with claim location requirements. A valid mining claim provides the holder with the right to conduct mining operations for the removal of locatable minerals, subject to compliance with the General Mining Law and Nevada state law. Historically, the holder of an unpatented mining claim could, upon strict compliance with legal requirements, file a patent application to obtain a full fee title to the surface and mineral rights within the claim; however, continuing Congressional moratoriums have precluded new mining claim patent applications since 1993.

The operation of mines is governed by both federal and state laws. In general, the federal laws that govern mining claim location and maintenance and mining operations on Federal Lands, such as the Mount Hope Project, are administered by the BLM. The Mount Hope Project is administered by the BLM Battle Mountain, Nevada office. Additional federal laws, such as those governing the purchase, transport or storage of explosives, and those governing mine safety and health, also apply. Various permits or approvals from the BLM and other federal agencies will be needed before any mining operations on the Mount Hope Project can begin.

The State of Nevada likewise requires various permits and approvals before mining operations can begin, although the state and federal regulatory agencies usually cooperate to minimize duplication of permitting efforts. Among other things, a detailed reclamation plan must be prepared and approved, with bonding in the amount of projected reclamation costs. The bond is used to ensure that proper reclamation takes place, and the bond will not be released until that time. The bond amount for a large mining operation, such as the Mount Hope Project, is significant.

The following table sets out the permit- and claim-related fees associated with the Mount Hope Project.

Permit	Application / Review Fee	Anticipated Fees.	Fee Description
Plan of Operations/ Reclamation Permit	\$7,600.00	N/A	N/A
Purchase, Transport, Storage of Explosives	\$100.00	\$50.00	Annual renewal
Notification of Commencement of Operation	N/A	N/A	N/A
Mine Registry Form	N/A	N/A	N/A
Notification of Opening and Closing Mines	N/A	N/A	N/A
Air Quality Permit To Construct	\$20,000.00	N/A	N/A
Air Quality Operating Permit	\$5,000.00	\$1,395.00	Annual maintenance fee and emission (based on 249 typically SO2 at \$5.60 per ton). Does not include costs associated with stack testing.
Water Pollution Control Permit (Infiltration)	\$1,250.00	\$5,000.00	Three Year Renewal
Water Pollution Control Permit (Exploration and Mining)	\$20,000.00	\$600.00	Annual maintenance
Solid Waste Management Approval	N/A	\$3,000.00	Renewal (five years)
Permit For Occupancy of Nevada	\$500.00	\$20,000.00	Annual maintenance
Department of Transportation Right of Way	\$12,100.00	\$20,000.00	Renewal (five years)
Permit to Appropriate Public Waters	\$4,033.00	N/A	N/A
	\$9,398.00	N/A	N/A
Permit to Construct a Dam	\$500.00	\$100.00	There will be an additional \$1 per acre foot in excess of 50 acre feet.
Industrial Artificial Pond Permit	\$125.00	\$125.00	Annual renewal fee
Permit For Sanitation Facilities	\$200.00	\$10,000.00	Annual assessment based on the total quantity of material processed
Hazardous Materials Permit	\$120.00	\$225.00	Annual operating fee
Fire and Line Safety	\$571.76	\$120.00	Annual renewal fee
Nevada State Historical Preservation Office Notification	N/A	N/A	N/A

(1) Represents the fresh water required, over and above the water which is collected from the open pit, for processing ore.

Mining activities on the Mount Hope Project are subject also to various environmental laws, both federal and state, including but not limited to the federal National Environmental Policy Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Recovery and Conservation Act, the 1953 Clean Water Act, the Clean Air Act and the Endangered Species Act, and certain Nevada state laws governing the discharge of pollutants and the use and discharge of water. Various permits from federal and state agencies are required under many of these laws. See "Permitting - Permitting Requirements" below. Local laws and ordinances may also apply to such activities as waste disposal, road use and noise levels.

Permitting

Permit Acquisition and Fundamental Environmental Permitting Considerations

We have initiated a plan to obtain the required principal environmental operating permits in anticipation of a possible mine start-up in 2009. Current engineering, results from preliminary discussions regarding environmental permitting, and updated mineral estimates served as the basis for the Technical Report.

A staged permit acquisition program is in progress. The first permitting stage of collecting data for the Plan of Operations is in progress as of the fourth quarter of 2005. Permits to be obtained at this stage will authorize on-site activities needed to characterize acid neutralization capability of the different rock types, provide hydrological data, condemn the waste heap sites and tailings sites and support infrastructure, as well as obtain environmental baseline data to support the permitting packages. A Plan of Operations for a new mine is expected to be submitted in the first

quarter of 2006 to the BLM. Future exploration activities and mine expansion initiatives will be included in applications for subsequent approvals on a case-by-case and as-needed basis.

The permits for which we will apply focus on an area of approximately 20 square miles. Exploration within this boundary, subject to permit applications, may be initiated to further investigate mineralization near or adjacent to the Mount Hope molybdenum ore-body.

Permitting Process Overview

The development, operation, closure and reclamation of mining projects in the United States require numerous notifications, permits, authorizations and public agency decisions. This section does not attempt to exhaustively identify all of the permits and authorizations that need to be granted, but instead focuses on those that are considered to be critical for project start-up.

Environmental Inventories

There are certain environmental evaluations that routinely must be completed in order to provide the information against which project impacts are measured. Both the U.S. Forest Service (“USFS”) and the Nevada Division of Environmental Protection, Bureau of Mining Regulation and Reclamation (“BMRR”) have requirements to profile existing conditions and to evaluate what effects will result from implementing the project plans on the Mount Hope mineralization within the Mine Plan.

Background information on geology, air quality, soils, biology, water resources, social and economic conditions, and cultural resources is currently being assembled for us and will be submitted to the appropriate regulatory agencies.

Permitting Requirements

Nevada Division of Water Resources Requirements

Mount Hope is centered between two water basins: the Kobeh Basin and the Diamond Basin. Development of the Mount Hope Project will involve significant water demand in an arid region of Nevada. Successful mining and processing will require careful control of project water and efficient reclamation, all of which we believe is obtainable pursuant to our Mine Plan, Plan of Operations and capital cost estimates.

The Nevada Division of Water Resources (“NDWR”) is the responsible agency for granting water rights permits. We have applied to the NDWR for twelve water rights permits for a total of 16,130 acre feet per annum within the Kobeh Basin. Our water needs are estimated by us in our Plan of Operations to be 2,904 acre feet per annum, providing a difference of 3,226 acre feet in excess of our estimated water needs.

In addition, we have secured 1,200 acre feet per annum in the Diamond Basin through the Gale Ranch Option. See “General Development of the Business – Overview”. These water rights will be used for open pit de-watering, which is estimated by us to be between 810 and 4,800 acre feet per annum depending on the depth of the open pit (i.e., a deeper pit requires more water).

We believe that water rights applied for by us will be sufficient to conduct planned operations. The well field to perfect this water supply has not yet been tested or developed, but as described above, the twelve permits have been applied for. Granting of the excess 3,226 acre feet per annum above our expected water needs will allow for a backup source and sufficient capacity, we believe, for the expansion in year 12 and for higher throughputs in years 1-11 during periods when softer ore is encountered. The grinding slurry circuit and the flotation and tailings circuit have been sized with this possibility in mind.

Additionally, as a further example of our conservative approach to water appropriation, we are actively soliciting ranchers in the Diamond Basin for additional water sources.

Nevada Division of Environmental Protection – Bureau of Mining Regulation and Reclamation Requirements

The BMRR also regulates mining activities within the state including water pollution control and reclamation. BMRR also administers and enforces the requirements relating to the reclamation of land subject to mining or exploration projects. We expect to be required to post a reclamation bond from a financial institution or otherwise set aside a corresponding amount for the benefit of BMRR.

Nevada Division of Environmental Protection – Bureau of Air Quality Requirements

Prior to the commencement of construction activities and in conjunction with facility operations, an air quality permit will be necessary. The Nevada Bureau of Air Quality regulations state that, in addition to other requirements, a process flow diagram must be generated to communicate the technical aspects of the process/activity and determine which class of permit will be required. We plan to prepare the required process flow diagram and submit our permit application during 2006.

United States Regulatory Matters

General

All of our exploration activities in the United States are subject to regulation by governmental agencies under various mining, mine safety and environmental laws. The nature and scope of regulation depends on a variety of factors, including the type of activities being conducted, the ownership status of land on which the operations are located, the nature of the resources affected, the states in which the operations are located, the delegation of federal air and water-pollution control and other programs to state agencies, and the structure and organization of state and local permitting agencies. We evaluate our projects in light of the cost and impact of regulations on the proposed activity, and evaluate new laws and regulations as they develop to determine the impact on, and changes necessary to, our operations.

Generally, compliance with environmental and related laws and regulations requires us to obtain permits issued by regulatory agencies and to file various reports and keep records of our operations. Some permits require periodic renewal or review of their conditions and may be subject to a public review process during which opposition to our proposed operations may be encountered.

U.S. Federal and State Environmental Law

Our past and future activities in the United States may cause us to be subject to liability under various federal and state laws. Proposed mining activities on federal land trigger regulations promulgated by the USFS, the BLM, and potentially other federal agencies, depending on the nature and scope of the impacts. For operations on federal public lands administered by the BLM that disturb more than five acres, an operator must submit a Plan of Operations to BLM. On USFS-administered lands, the USFS requires the submission of a notice for all mining operations, regardless of size, and a Plan of Operations if the USFS determines that there will be any “significant” disturbance of the surface.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“CERCLA”), imposes strict, joint, and several liability on parties associated with releases or threats of releases of hazardous substances. Liable parties include, among others, the current owners and operators of facilities at which hazardous substances were disposed or released into the environment and past owners and operators of properties who owned such properties at the time of such disposal or release. This liability could include response costs for removing or remediating the release and damages to natural resources. We are unaware of any reason why our undeveloped properties would currently give rise to any potential CERCLA liability. We cannot predict the likelihood of future CERCLA liability with respect to our properties, or to surrounding areas that have been affected by historic mining operations.

Under the Resource Conservation and Recovery Act (“**RCRA**”) and related state laws, mining companies may incur costs for generating, transporting, treating, storing, or disposing of hazardous or solid wastes associated with certain mining-related activities. RCRA costs may also include corrective action or clean up costs.

Mining operations may produce air emissions, including fugitive dust and other air pollutants, from stationary equipment, such as crushers and storage facilities, and from mobile sources such as trucks and heavy construction equipment. All of these sources are subject to review, monitoring, permitting, and/or control requirements under the federal Clean Air Act and related state air quality laws. Air quality permitting rules may impose limitations on our production levels or create additional capital expenditures in order to comply with the permitting conditions.

Under the federal Clean Water Act and delegated state water-quality programs, point-source discharges into “Waters of the State” are regulated by the National Pollution Discharge Elimination System (“**NPDES**”) program, while Section 404 of the Clean Water Act regulates the discharge of dredge and fill material into “Waters of the United States,” including wetlands. Stormwater discharges also are regulated and permitted under that statute. All of those programs may impose permitting and other requirements on our operations.

NEPA requires an assessment of the environmental impacts of “major” federal actions. The “federal action” requirement can be satisfied if the project involves federal land or if the federal government provides financing or permitting approvals. NEPA does not establish any substantive standards; it merely requires the analysis of any potential impact. The scope of the assessment process depends on the size of the project. An “Environmental Assessment” (“**EA**”) may be adequate for smaller projects. An EIS, which is much more detailed and broader in scope than an EA, is required for larger projects. NEPA compliance requirements for any of our proposed projects could result in additional costs or delays.

The Endangered Species Act (“**ESA**”) is administered by the U.S. Department of Interior’s U.S. Fish and Wildlife Service. The purpose of the ESA is to conserve and recover listed endangered and threatened species and their habitat. Under the ESA, “endangered” means that a species is in danger of extinction throughout all or a significant portion of its range. “Threatened” means that a species is likely to become endangered within the foreseeable future. Under the ESA, it is unlawful to “take” a listed species, which can include harassing or harming members of such species or significantly modifying their habitat. We conduct wildlife and plant inventories as required as part of the environmental assessment process prior to initiating exploration projects. We currently are unaware of any endangered species issues at any of our projects. Future identification of endangered species or habitat in our project areas may delay or adversely affect our operations.

We are committed to fulfilling our requirements under applicable environmental laws and regulations. These laws and regulations are continually changing and, as a general matter, are becoming more restrictive. Our policy is to conduct our business in a manner that safeguards public health and mitigates the environmental effects of our business activities. To comply with these laws and regulations, we have made, and in the future may be required to make, capital and operating expenditures.

U.S. Federal and State Reclamation Requirements

We are subject to land reclamation requirements under state and federal law, which generally are implemented through reclamation permits that apply to exploration activities. These requirements often mandate concurrent reclamation and require the posting of reclamation bonds or other financial assurance sufficient to guarantee the cost of reclamation. If reclamation obligations are not met, the designated agency could draw on these bonds and letters of credit to fund expenditures for reclamation requirements.

Reclamation requirements generally include stabilizing, contouring and re-vegetating disturbed lands, controlling drainage from portals and waste rock dumps, removing roads and structures, neutralizing or removing process solutions, monitoring groundwater at the mining site, and maintaining visual aesthetics. We believe that we currently are in substantial compliance with and are committed to maintaining all of our financial assurance and reclamation obligations pursuant to our permits and applicable laws.

Employees

As of December 31, 2005, we had seven full-time employees and we presently lease an office that consists of 1,400 square feet. We plan to add several more employees during 2006, including a Chief Financial Officer, a site Project Manager, a professional geologist, and a field office assistant to further the Mount Hope Project's technical progress and permitting. We intend to utilize the services of consultants and contractors to provide additional services to us, particularly with regard to the Mount Hope Project.

RISK FACTORS

Our failure to successfully address the risks and uncertainties described below would have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common stock may decline. We cannot assure you that we will successfully address these risks or other unknown risks that may affect our business.

Our investors may lose their entire investment in our securities

An investment in our securities is highly speculative and may result in the loss of the entire investment. Only potential investors who are experienced investors in high risk investments and who can afford to lose their entire investment should consider an investment in our securities.

Our profitability depends largely on the success of our Mount Hope Project, the failure of which would have a material adverse effect on our financial condition

We are focused primarily on the development of our Mount Hope Project. Accordingly, our profitability depends largely upon the successful development and operation of this project. We are currently incurring losses and we expect to continue to incur losses until molybdenum production begins at the Mount Hope Project. We cannot assure you that we will achieve production at the Mount Hope Project or that we will ever be profitable even if production is achieved. The failure to successfully develop the Mount Hope Project would have a material adverse effect on our financial condition, results of operations and cash flows. Even if we are successful in achieving production, an interruption in operations at Mount Hope that prevents us from extracting ore from the Mount Hope Project for any reason would have a material adverse impact on our business.

We require and may not be able to obtain substantial additional financing in order to fund our operations and if we are successful in raising additional capital, it may have a dilutive and other adverse effects on our stockholders

We will require substantial additional capital to develop the Mount Hope Project and to construct the mining and processing facilities at any site chosen for mining. We estimate that following the completion of permitting and engineering at the Mount Hope Project, the initial capital costs for the development of the Mount Hope Project are approximately \$412.6 million, including working capital and contingencies, but excluding reclamation bonding requirements, inflation, interest and other financing costs. The estimated capital costs of the Mount Hope Project are based on the Technical Report, and those estimates could change after the detailed engineering process has been completed. We have limited financial resources, do not generate operating revenue, and must finance our Mount Hope Project development costs by other means. We cannot assure you that we will be able to obtain the necessary financing for the Mount Hope Project on favourable terms or at all. Additionally, if the actual costs to complete the development of the Mount Hope Project are significantly higher than we expect, we may not have enough funds to cover these costs and we may not be able to obtain other sources of financing. The failure to obtain all necessary financing would prevent us from achieving production at the Mount Hope Project and impede our ability to become profitable.

We are currently reviewing the technical merits of some of our interests in properties other than the Mount Hope Project, including the Hall-Tonopah property. See "Business – Other Properties". We will also require significant additional capital to permit and/or commence mining activities at this or any of our other potential projects. We cannot assure you that we will be able to obtain the financing necessary to exercise this option and we cannot assure

you that we will be able to obtain the necessary financing to commence exploration activities on any of our other properties, should we decide to do so.

If additional financing is not available, or available only on terms that are not acceptable to us, we may be unable to fund the development and expansion of our business, attract qualified personnel, take advantage of business opportunities or respond to competitive pressures. Any of these events may harm our business. Also, if we raise funds by issuing additional shares of our common stock or debt securities convertible into common stock, our stockholders will experience dilution, which may be significant, to their ownership interest in us. If we raise funds by issuing shares of a different class of stock other than our common stock or by issuing debt, the holders of such different classes of stock or debt securities may have rights senior to the rights of the holders of our common stock. In December 2005, we filed a Preliminary Prospectus with the OSC to conduct an initial public offering of our common stock in Canada. We have determined not to proceed with the Canadian offering at this time but we may do so at a later date, depending on market conditions and other factors. However, there can be no assurance that we will be successful in conducting such an offering in Canada or elsewhere.

If we expand our current operations to opportunities other than the Mount Hope Project, any such expansion may divert funds and personnel from the Mount Hope Project

We are currently focused primarily on the development of our Mount Hope Project. However, we have other properties and will have other opportunities to expand our operations in the future. If we engage in projects other than the Mount Hope Project, it may divert our working capital and management attention away from the Mount Hope Project, which could adversely affect our profitability.

Fluctuations in the market price of molybdenum and other metals could adversely affect the value of our company and our securities

The profitability of mining operations is directly related to the market price of the metals being mined. The market prices of base and precious metals such as molybdenum, copper, gold and silver fluctuate widely and are affected by numerous factors beyond the control of any mining company. These factors include fluctuations with respect to the rate of inflation, the exchange rates of the US dollar and other currencies, interest rates, global or regional political and economic conditions and banking crises, global and regional demand, production costs in major molybdenum producing areas and a number of other factors. Any drop in the price of molybdenum and other metals important to our operations would adversely impact our revenues, profits and cash flows. In particular, a sustained low molybdenum price could:

- cause suspension of our mining operations at our Mount Hope Project, if such operations become uneconomic at the then-prevailing molybdenum price, thus further reducing revenues;
- prevent us from fulfilling our obligations under our agreements or under our permits and licenses which could cause us to lose our interests in, or be forced to sell, our properties; and
- have a negative effect on the availability of financing to us.

Furthermore, the need to reassess the feasibility of any of our projects if molybdenum prices decline could cause substantial delays or might interrupt operations until the reassessment can be completed. Mineral reserve calculations and life-of-mine plans using significantly lower molybdenum prices could result in reduced estimates of mineral reserves and in material write-downs of our investment in mining properties and increased amortization, reclamation and closure charges.

The volatility in metals prices is illustrated by the quarterly average price ranges from January 2001 through December 2005 for the following metals: Molybdenum (lb) \$2.25 – \$34.00; Gold (oz) \$256.25 – \$494.80; Silver (oz) \$4.24 – \$8.35; Copper (lb) \$0.67 – \$2.05. Average molybdenum prices are quoted in *Platt's Metals Week*. Average gold and silver prices are from the London Metal Exchange, and average copper prices are from Comex, a division of the New York Mercantile Exchange.

Our profitability is subject to demand for molybdenum, and any decrease in that demand, or increase in the world's supply, could adversely affect our results of operations

Molybdenum is used primarily in the steel industry. The demand for molybdenum from the steel industry and other industries may decline due to a number of factors. A sustained low molybdenum demand (particularly from China) could cause suspension of our mining operations at our Mount Hope Project. A sustained significant increase in supply could also adversely affect our results. The robustness of the expansion in demand for metals such as molybdenum, is currently fuelled in large part by, and is dependent upon, the growth in Asia.

We may not be able to obtain or renew licences, rights and permits required to develop or operate our mines, or we may encounter environmental conditions or requirements which would adversely affect our business

In the ordinary course of business, mining companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. In addition to requiring permits for the development of the mine, we will need to obtain various mining and environmental permits during the life of the project. Obtaining and renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings on our part. The duration and success of our efforts to obtain or renew permits will be contingent upon many variables not within our control, including the environmental conditions at the location of the Mount Hope Project. Obtaining or renewing environmental protection permits, including the approval of reclamation plans, may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. We will be required to make applications to the BLM for the rights to develop our Mount Hope Project. We will also need to successfully complete the National Environmental Policy Act ("NEPA") process of review and public scrutiny and obtain various state and federal permits including water discharge, waste facility and pit dewatering permits before we can mine and produce molybdenum products at our Mount Hope Project. There can be no assurance that all necessary permits will be obtained and, if obtained, will be renewed, or that in each case the costs involved will not exceed those that we previously estimated. It is possible that the costs and delays associated with compliance with such standards and regulations could become such that we would not proceed with the development or operation of a mine or mines.

The development of the Mount Hope Project may be delayed, which could result in increased costs or an inability to complete the development of the Mount Hope Project

We may experience delays in developing the Mount Hope Project. These delays may affect the timing of development of the project, and could increase its development costs, affect its economic viability, or prevent us from completing its development.

The timing of development of the Mount Hope Project depends on many factors, some of which are beyond our control, including:

- timely issuance of permits and licenses;
- procurement of additional financing;
- acquisition of surface land and easement rights required to develop and operate the project;
- completion of basic engineering; and
- construction of the project.

In addition, factors such as fluctuations in the market price of molybdenum and in foreign exchange or interest rates, as well as international political unrest, could adversely affect our ability to obtain adequate financing to fund the development of the project on a timely basis.

Our mineralization and reserve estimates are uncertain, and any material inaccuracies in those estimates could adversely affect the value of our mineral reserves

There are numerous uncertainties inherent in estimating mineralization and reserves, including many factors beyond our control. The estimation of mineralization and reserves is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing, production, and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of mineralization and reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metals prices have fluctuated widely in the past. Declines in the market price of specialty, base or precious metals also may render mineralization and reserves containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect mineralization and reserves.

Any material inaccuracies in our production estimates could adversely affect our results of operations

We have prepared estimates of future molybdenum production. We cannot assure you that we will ever achieve our production estimates or any production at all. Our production estimates depend on, among other things:

- the accuracy of our mineralization and reserves estimates;
- the accuracy of assumptions regarding ore grades and recovery rates;
- ground conditions and physical characteristics of the mineralization, such as hardness and the presence or absence of particular metallurgical characteristics;
- the accuracy of estimated rates and costs of mining and processing; and
- our ability to obtain all permits and construct a processing facility at Mount Hope.

Our actual production may vary from our estimates if any of our assumptions prove to be incorrect. With respect to the Mount Hope Project, we do not have the benefit of actual mining and production experience in verifying our estimates, which increases the likelihood that actual production results will vary from the estimates.

Mining is inherently dangerous and subject to conditions or events beyond our control, and any operating hazards could have a material adverse effect on our business

Mining at the Mount Hope Project will involve various types of risks and hazards, including: environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structure cave-in or slides, flooding, fires and interruption due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability. We may not be able to obtain insurance to cover these risks at economically feasible premiums and some types of insurance may be unavailable or too expensive to maintain. We may suffer a material adverse effect on our business and the value of our securities may decline if we incur losses related to any significant events that are not covered by our insurance policies.

Our operations make us susceptible to environmental liabilities that could have a material adverse effect on us

Mining is subject to potential risks and liabilities associated with the potential pollution of the environment and the necessary disposal of mining waste products occurring as a result of mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to us (or to other companies in

the minerals industry) at a reasonable price. To the extent that we become subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to us and could have a material adverse effect on us. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

There is no guarantee that legal title to the properties in which we have an interest will not be challenged, which could result in the loss of our rights in those properties

The ownership and validity, or title, of unpatented mining claims are often uncertain and may be contested. A successful claim contesting our title or interest to a property will cause us to lose our rights to mine that property. In addition, the success of such a claimant could result in our not being compensated for our prior expenditures relating to the property.

Mineral exploration and mining activities require compliance with a broad range of laws and regulations, and compliance with or violation of these laws and regulations may be costly

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health and safety, waste disposal, toxic substances, land use, environmental protection, reclamation obligations and mine safety. In order to comply with applicable laws and regulations, we may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if our activities violate any such laws and regulations, we may be required to compensate those suffering loss or damage, and may be fined if convicted of an offense under such legislation. We may also incur additional expenses and the Mount Hope Project may be delayed as a result of changes and amendments to such laws and regulations.

Land reclamation requirements for exploration properties may be burdensome and may divert funds from our exploration programs

Although variable, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration, we must allocate financial resources that might otherwise be spent on further exploration programs.

Non-compliance with our Mount Hope Lease could result in loss of our rights to develop the Mount Hope Project and may adversely affect our business

We lease the Mount Hope Project from Mount Hope Mines, Inc. under the Mount Hope Lease. The terms of the Mount Hope Lease are described under “Business – Description of the Mount Hope Project – Lease Agreement”. Failure to comply with the terms of the Mount Hope Lease (which principally require us to make prescribed payments on or before certain prescribed dates) could result in loss of our rights to develop the Mount Hope Project. Any loss of rights under the Mount Hope Lease would have a material adverse effect on us and our ability to generate revenues.

Our ability to operate our company effectively could be impaired if we lose key personnel

We depend on the services of key executives, including Robert L. Russell, our chairman and Chief Executive Officer, and a small number of experienced executives and personnel focused on the development of the Mount Hope Project. Additionally, the number of persons skilled in the development and operation of mining properties is limited and significant competition exists for these individuals. We cannot assure you that we will be able to employ key personnel or that we will be able to attract and retain qualified personnel in the future. We do not maintain “key person” life insurance to cover our executive officers. Due to the relatively small size of our company, our failure to retain or attract key personnel may delay or otherwise adversely affect the development of the Mount Hope Project, which would have a material adverse effect on our business.

We may not be able to attract and retain the additional personnel we will need to develop any of our projects, including the Mount Hope Project

We are a small company with a limited operating history. As of March 10, 2006, we had seven employees. The development of any of our proposed projects, including the Mount Hope Project, will place substantial demands on us. We will be required to recruit additional personnel and to train, motivate and manage these new employees. There can be no assurance that we will be successful in attracting and retaining such personnel.

The mining industry is an intensely competitive industry, and we may have difficulty effectively competing with other mining companies in the future

Mines have limited lives and, as a result, we must continually seek to replace and expand our mineralization and reserves through the acquisition of new properties. Significant competition exists for the acquisition of properties producing or capable of producing copper, gold and other metals. We may be at a competitive disadvantage in acquiring additional mining properties because we must compete with other individuals and companies, many of which may have greater financial resources and larger technical staffs than we have. As a result of this competition, we may be unable to acquire attractive mining properties on acceptable terms.

New legislation, including the Sarbanes-Oxley Act of 2002, may make it difficult for us to retain or attract officers and directors

We may be unable to attract and retain qualified officers, directors and members of board committees required to provide for our effective management as a result of the recent changes and currently proposed changes in the rules and regulations which govern publicly-held companies. The Sarbanes-Oxley Act of 2002 has resulted in a series of rules and regulations by the SEC that increase responsibilities and liabilities of directors and executive officers. We are a small company with a limited operating history and no revenues or profits, which may influence the decisions of potential candidates we may recruit as directors or officers. The perceived increased personal risk associated with these recent changes may deter qualified individuals from accepting these roles.

Any adverse results from evaluation of our internal controls under Section 404 of the Sarbanes-Oxley Act of 2002 could result in a loss of investor confidence in our financial reports and have an adverse effect on the price of our common stock

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we expect that beginning with our annual report on Form 10-KSB for the fiscal year ended December 31, 2007, we will be required to furnish a report by management on our internal controls over financial reporting. Such report will contain, among other matters, an assessment of the effectiveness of our internal control over financial reporting, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by our management. Such report must also contain a statement that our auditors have issued an attestation report on our management's assessment of such internal controls. Public Company Accounting Oversight Board Auditing Standard No. 2 provides the professional standards and related performance guidance for auditors to attest to, and report on, our management's assessment of the effectiveness of internal control over financial reporting under Section 404.

While we believe our internal control over financial reporting is effective for our current operations, we will be required to assemble the system and processing documentation and perform the evaluation needed to comply with Section 404, which is both costly and challenging. We cannot be certain that we will be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that such internal control is effective. If we are unable to assert that our internal control over financial reporting is effective as of December 31, 2007 (or if our auditors are unable to attest that our management's report is fairly stated or they are unable to express an opinion on the effectiveness of our internal controls), we could lose investor confidence in the accuracy and completeness of our financial reports, which would have a material adverse effect on our stock price.

Failure to comply with the new rules may also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage and/or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors, or as executive officers.

Our common stock has a limited public market, which may adversely affect the market price of our shares and make it difficult for our stockholders to sell their shares

Although our shares are currently traded on the OTC Bulletin Board in the United States, our common stock currently has a very limited public market. On February 14, 2006, we filed an application to list our common stock on the American Stock Exchange, or AMEX. We also intend to seek to have our common stock listed for trading on the TSX. There is no assurance, however, that we will meet the initial or continued listing criteria for these exchanges. Even if we are successful in listing our common stock on the AMEX and/or TSX, there can be no assurance that an active and liquid trading market will ever develop for our common stock. Such a failure may have a material adverse impact on the market price of our shares and the ability to dispose of our common stock in a timely manner or at all.

Future sales of our common stock may adversely affect our share price and our financing needs may have a dilutive impact on our shareholders

Sales of a substantial number of our shares in the public market, or the perception that these sales could occur, could substantially decrease the market price of our common stock. We intend to file a registration statement covering the resale of 39,964,940 shares of our common stock by our stockholders or persons who may become our stockholders through the exercise of warrants, and a registration statement covering shares subject to issuance under our stock plan.

If these securities are covered by an effective registration statement in the United States or resales of these securities are otherwise exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), they will be freely tradeable, other than any shares sold by our affiliates. Substantially all of the common stock held by our affiliates is available for resale in the US public market subject to compliance with Rule 144 under the Securities Act. As we register shares of our common stock, and as restrictions on resale end, the market price of our common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. We make no prediction as to the effect, if any, that future sales of common stock, or the availability of common stock for future sale, will have on the market price of our common stock prevailing from time to time.

We do not anticipate paying cash dividends in the foreseeable future

We do not plan to pay cash dividends on our common stock in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by our board of directors and will depend upon, among other things, conditions then existing, including our earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions, and other factors.

Our officers and directors own a significant percentage of our common stock, which may limit the ability of our shareholders to influence corporate matters and discourage third parties from making a tender offer or bid to acquire us

As of March 10, 2006, Robert L. Russell, our President and Chief Executive Officer and a director, together with R. David Russell, a director and Robert Russell’s son, and Matthew F. Russell, our Vice President of Operations and Robert Russell’s son, beneficially owned 15.8% of our common stock. As of March 10, 2006, the remaining executive officers and directors collectively beneficially owned 4.6% of our common stock. Together, these shareholders could influence the outcome of any corporate transaction or other matter submitted to our shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, which may discourage third parties from making a tender offer or bidding to acquire us. The interests of these shareholders may differ or conflict with the interests of our other shareholders.

United States broker-dealers may be discouraged from effecting transactions in our common stock because they are considered a penny stock and are subject to the penny stock rules

Rules 15g-1 through 15g-9 promulgated under the United States Securities Exchange Act of 1934, as amended (the “1934 Act”) impose sales practice and disclosure requirements on certain United States broker-dealers who engage in certain transactions involving a “penny stock”. Subject to certain exceptions, a penny stock generally includes any unlisted equity security that has a market price of less than \$5.00 per share. The additional sales practice and disclosure requirements imposed upon United States broker-dealers may discourage United States broker-dealers from effecting transactions in our common stock, which could severely limit the market liquidity of our common stock and impede the sale of our common stock in the secondary market.

A United States broker-dealer selling penny stock to anyone other than an established customer or “accredited investor”, generally, an individual with net worth in excess of \$1,000,000 or an annual income exceeding \$200,000, or \$300,000 together with his or her spouse, must make a special suitability determination for the purchaser and must receive the purchaser’s written consent to the transaction prior to sale, unless the United States broker-dealer or the transaction is otherwise exempt. In addition, the penny stock regulations require the United States broker-dealer to deliver, prior to any transaction involving a penny stock, a disclosure schedule prepared by the SEC relating to the penny stock market, unless the United States broker-dealer or the transaction is otherwise exempt. A United States broker-dealer is also required to disclose commissions payable to the United States broker-dealer and the registered representative and current quotations for the securities. Finally, a United States broker-dealer is required to send monthly statements disclosing recent price information with respect to the penny stock held in a customer’s account and information with respect to the limited market in penny stocks.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any legal proceedings and are not aware of any such proceedings known to be contemplated.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At our 2005 Annual Meeting held on December 29, 2005, all of our seven directors were re-elected. The following table states the number of votes cast for, votes cast against as well as the number of abstentions as to election of each of the seven directors:

Name of Director	Votes Cast For	Votes Cast Against	Votes Abstained
Robert L. Russell	10,015,326	—	—
John B. Benjamin	10,015,326	—	—
Norman A. Radford	9,890,326	125,000	—
Gene W. Pierson	9,995,326	40,000	—
R. David Russell	8,415,725	1,599,601	—
Richard Nanna	9,890,326	125,000	—
Robert Llee Chapman	8,843,725	1,531,601	—

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock was traded on the over the counter market in the Pink Sheets until July 26, 2004. Since July 26, 2004, our common stock has been traded on the OTC Bulletin Board under the symbol “IGMI”. On February 14, 2006, we filed an application to list our common stock on AMEX. We also intend to seek to list our common stock on the TSX. No assurance, however, can be made that we will satisfy the initial or continued listing requirements therefor.

The following table sets forth for our common stock, the high and low bid quotations per share and trading volume as reported by the OTC Bulletin Board for the 3rd quarter in 2004 when our common stock began trading on the OTC Bulletin Board, and for each subsequent quarter. The high and low bid quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Year	Quarter	High	Low
2004	Third Quarter ⁽¹⁾	\$0.70	\$0.05
	Fourth Quarter	\$0.90	\$0.44
2005	First Quarter	\$1.49	\$0.71
	Second Quarter	\$1.88	\$0.98
	Third Quarter	\$1.47	\$0.85
	Fourth Quarter	\$1.80	\$1.01

(1) Our common stock began trading on the OTC Bulletin Board on July 26, 2004.

Holders

As of March 10, 2006, there were approximately 903 holders of record of our common stock.

Dividends

We have never declared or paid dividends on our common stock and we do not anticipate paying any dividends on our common stock in the foreseeable future. We will pay dividends on our common stock only if and when declared by our board of directors. Our board's ability to declare a dividend is subject to limits imposed by Idaho corporate law. In determining whether to declare dividends, the board will consider these limits, our financial condition, results of operations, working capital requirements, future prospects and other factors it considers relevant.

Options to Purchase Our Securities

The table below sets forth certain information with respect to our equity compensation plans as of March 10, 2006:

	Number of securities to be issued upon exercise of outstanding options	Weighted average excise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans not approved by security holders	-	\$ -	-
Equity compensation plans approved by security holders:			
2003 Stock Option Plan	1,840,000	0.47	205,000
Other equity compensation	2,200,000	0.41	n/a
Total	4,040,000	\$ 0.43	205,000

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion of our financial condition and plan of operations constitutes management's review of the factors that affected our financial and operating performance for the years ended December 31, 2003, 2004 and 2005. This discussion should be read in conjunction with our audited financial statements for the three years ended December 31, 2003, 2004 and 2005, including the notes thereto, which are contained elsewhere in this document.

Overview

We are in the business of exploration, development and, if warranted, the mining of properties containing molybdenum, as well as silver, gold, base metals and other specialty metals. We have an interest in properties on which we intend to conduct mineral exploration. Our principal asset is the Mount Hope Project (which we hold under lease with MHMI), a primary molybdenum deposit located in Eureka County, Nevada, United States.

Based on the positive results of our pre-feasibility study, we intend to proceed with the permitting and development of the Mount Hope Project. The project will include the development of an open pit mine, construction of a concentrator plant, construction of a roaster plant, and construction of all related infrastructure to produce TMO.

We began a feasibility study in November 2004 for the purpose of determining our interest in exercising the long term option to lease the Mount Hope Project. This study, principally accomplished by mining industry consulting firms, was completed in October 2005 and provides a definitive mining and processing plan. Based on the results of the feasibility study, we exercised our option to lease in October 2005 and entered into the Mount Hope Lease. Once we raise sufficient funds, we plan to begin permitting, environmental impact studies, and intermediate stage engineering based upon a tentative two-year permitting schedule. We indicated our intent to proceed with permitting of the project in meetings with the principal regulatory agency, the BLM, and various regulatory agencies of the State of Nevada in the second quarter of 2005. We plan to file during the first half of 2006 a formal Plan of Operations with the BLM which would trigger the formal review and dialogue aspects of the NEPA process. Various environmental data and study tasks are ongoing and are expected to assist with the permitting process. We believe that permitting will require approximately 20-30 months from the date of filing of the Plan of Operations, but the timing is dependent on the timing of agency actions over which we have no control. We expect that a feasibility study will be finalized upon the completion of the permitting process. We believe that, based upon the pre-feasibility studies completed to date, once we have completed the permitting process and the feasibility study, construction of the planned facilities would take approximately 20-24 months.

Critical Accounting Estimates

Estimates

The process of preparing financial statements in conformity with US GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, we consider all highly liquid investments with original maturities of three months or less to be cash equivalents.

Basic and Diluted Net Loss Per Share

Net loss per share was computed by dividing the net loss by the weighted average number of shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding.

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no mineable orebody is discovered, previously capitalized costs are expensed in the period the property is abandoned. Expenditures to develop new mines, to define further mineralization in existing mineral deposits, and, in the future, to expand the capacity of operating mines, will be capitalized and amortized on a units of production basis over the economically demonstrated proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to operations. We charge to operations the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

Mining Claims and Land

Costs of acquiring and developing mineral properties are capitalized as appropriate by project area. Exploration and related costs and costs to maintain mineral rights and leases are expensed as incurred. When a property reaches the production stage, the related capitalized costs are amortized using the units-of-production method on the basis of periodic estimates of ore reserves. Mineral properties are periodically assessed for impairment of value, and any subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, its capitalized costs are charged to operations.

Provision for Taxes

Income taxes are provided based upon the liability method of accounting pursuant to the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against the deferred tax asset if management does not believe we have met the "more likely than not" standard imposed by SFAS No. 109 to allow recognition of such an asset.

Property and Equipment

Property and equipment are being depreciated over useful lives of three to seven years using straight-line depreciation.

Results of Operations

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

We are classified as an exploration stage company with no producing mines and accordingly, we do not produce income. Our net loss for the year ended December 31, 2005 was \$4,518,271 as compared to a net loss of \$2,337,040 for the year ended December 31, 2004. The increase of \$2,181,231 is attributable primarily to property acquisitions, accounting for options, and the Mount Hope pre-feasibility study. During the second, third and fourth quarters of 2005 we incurred permitting and associated expenses that significantly contributed to additional operating expenses. We also incurred higher corporate and administrative costs in a number of areas consistent with our substantially increased activity levels. These costs include new hires and employee compensation expenses, marketing and investor relations expenses, general legal expenses, and accounting and compliance issues reflecting the greater complexity of our operations.

Exploration and development expenditures of \$2,397,153 were incurred at the Mount Hope Project during the 2005 fiscal year as exploration and development activity proceeded at a very aggressive pace. This is consistent with our stated objective to complete our Mount Hope Project plans and to focus on the permitting required to bring the project to commercial production. All of the expenditures during the 2005 fiscal year were related to this objective and associated pre-feasibility study costs represent the majority of expenditures at the Mount Hope Project.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

The net loss for the year ended December 31, 2004 was \$2,337,040 as compared to a net loss of \$68,911 for the year ended December 31, 2003. The increase of \$2,268,129 in the net loss from the previous fiscal year is attributable to a much higher level of overall activity following company reactivation, specifically the expenses related to the Mount Hope Project.

We estimate that exploration and development expenditures of \$1,596,307 were incurred during the 2004 fiscal year, while we incurred no exploration and development expenditures in fiscal year 2003 as we had almost no activity and were in a “restart mode”. All of the expenditures for the 2004 fiscal year are related to company restart overheads, property acquisition and purchase costs for the Mount Hope and Margaret properties, as well as legal and general and administrative costs.

Liquidity and Capital Resources

We have limited capital resources and thus have to rely upon the sale of equity and debt securities for the cash required for exploration and development purposes, for acquisitions and to fund our administration. Since we do not expect to generate any revenues in the near future, we must continue to rely upon the sale of our equity and debt securities to raise capital. There can be no assurance that financing, whether debt or equity, will always be available to us in the amount required at any particular time or for any period or, if available, that it can be obtained on terms satisfactory to us.

Our cash balance as at December 31, 2005 was \$256,773 compared to \$700,498 as at December 31, 2004. The decrease in cash balance was due to the increase in operating expenses associated with increase level of expenditures with the Mount Hope property. Total assets as at December 31, 2005 were \$849,646 compared to \$1,221,807 as at December 31, 2004. The decrease in total assets is attributable to a decrease in cash attributable in increase in expenditures with the Mount Hope project. Liabilities as at December 31, 2005 were \$815,753 compared to \$27,016 as at December 31, 2004. The increase in liabilities is primarily attributable to legal fees generated through the due diligence and document development for financings completed in 2005 and the first quarter of 2006.

On April 27, 2005, we concluded a private placement of 2,998,932 units at a price of \$0.75 per unit. Each unit consisted of one share of our common stock and one warrant to purchase one share of our common stock. Each warrant is exercisable for 24 months from the date of issuance and carries an exercise price of \$1.00 per share. The gross proceeds of this offering were \$2,249,200 and, after payment of sales commissions and finder’s fees, we received net proceeds of \$2,108,150.

On January 10, 2006, we concluded a private placement of 3,441,936 units at a price of \$1.10 per unit. Each unit consisted of one share of our common stock and one-half of one warrant to purchase one share of our common stock. Each whole warrant is exercisable for 24 months from the date of issuance and carries an exercise price of \$1.75 per whole share. The gross proceeds of this offering were \$3,786,129.40 and, after payment of sales commissions and finder’s fees, we received net proceeds of \$3,620,730.54.

On February 15, 2006, we concluded a private placement of 15,000,000 units at a price of \$2.00 per unit. Each unit consisted of one share of our common stock and a warrant to purchase one-half of a share of our common stock. Each whole warrant is exercisable for five years from the date of issuance and carries an exercise price of \$3.75 per whole share. The gross proceeds of this offering were \$30,000,000.00 and, after payment of sales commissions and finder’s fees, we received net proceeds of \$27,875,000. In the aggregate, we issued 15 million shares of common stock and warrants to purchase an additional 8.3 million shares, including warrants issued as compensation to the placement agent.

Contractual Obligations for Future Payments

Payments due by Period

	Total		Less than 1		1-3 years		4-5 years		After 5 years	
	\$000's		\$000's		\$000's		\$000's		\$000's	
Contractual obligations										
Long-term debt	—		—		—		—		—	
Capital lease obligations	—		—		—		—		—	
	To MHMI	725.0	250.0(2)		475.0(3)		—		—	
Operating leases(1)		If Project Financing(5) is obtained by October 19, 2008		If Project Financing(5) is not obtained by October 19, 2008		If Project Financing(5) is obtained by October 19, 2008		If Project Financing(5) is not obtained by October 19, 2008		If Project Financing(5) is not obtained by October 19, 2008
	To MHMI	2,500.0(9)	3,550.0(9)	—	2,500.0(6)	350.0(7)	—	700.0(7)	(4)	2,500.0(4)(7)
Purchase obligations	—		—		—		—		—	
Other long-term obligations	—		—		— (8)		—		—	
Total contractual obligations	3,225.0		3,550.0	250.0	2,975.0	350.0	—	700.0	—	2,500.0

(1) All information on operating leases relates to the Mount Hope Lease. Information provided in this table includes only periodic payments under the Mount Hope Lease. We have certain advance royalty and production royalty payment obligations under the Mount Hope Lease which are not included in the numbers presented in the table. See "Business – Description of the Mount Hope Project – Royalties, Agreements and Encumbrances" for details on our advance royalty and production royalty obligations under the Mount Hope Lease.

(2) Includes payments of \$125,000 due to MHMI under the Mount Hope Lease on each of April 19, 2006 and October 19, 2006.

(3) Includes: (a) \$125,000 payments due to MHMI under the Mount Hope Lease on April 19, 2007; and (b) \$350,000 payment due to MHMI under the Mount Hope Lease on October 19, 2007.

(4) Depending on when we receive Project Financing, but in no event prior to October 19, 2008, we are also obligated to pay to MHMI under the Mount Hope Lease \$500,000 annually.

(5) "Project Financing" means the securing of funds dedicated to the development of the Mount Hope Project in accordance with the mechanism set out in the Mount Hope Lease to put the Mount Hope Project into commercial production.

(6) If Project Financing is obtained by October 19, 2008, we will be required to pay MHMI on or before October 19, 2008 the greater of \$2,500,000 or 3% of the construction capital cost estimate for the Mount Hope Project calculated in accordance with the Mount Hope Lease. See "Business – Description of the Mount Hope Project – Royalties, Agreements and Encumbrances".

(7) If we are unable to secure Project Financing on terms satisfactory to us by October 19, 2008, we may elect to defer the \$2,500,000 or 3% of the construction capital cost estimate payment until we obtain Project Financing or until October 19, 2011, whichever is earlier. If we elect to defer the payment, we will be required to pay to MHMI \$350,000 per year on each of October 19, 2008, 2009 and 2010, and on October 19, 2011, we must pay the deferred payment of \$2,500,000 and if 3% of the construction capital cost estimate is greater than \$2,500,000, we must pay the difference in two equal instalments on October 19, 2012 and October 19, 2013. See "Business – Description of the Mount Hope Project – Royalties, Agreements and Encumbrances".

(8) Does not include up to \$1,000,000 that may become payable by us to High Desert depending on the outcome of activities at the Hall Tonopah property.

(9) Or 3% of the construction capital cost.

Changes in Accounting Policies

We did not change our accounting policies during fiscal 2003, 2004, or 2005.

ITEM 7. FINANCIAL STATEMENTS

**IDAHO GENERAL MINES, INC.
(An Exploration Stage Company)
FINANCIAL STATEMENTS
December 31, 2005**

IDAHO GENERAL MINES, INC.
(An Exploration Stage Company)
December 31, 2005

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Williams & Webster, P.S.

Certified Public Accountants & Business Consultants

Board of Directors
Idaho General Mines, Inc.
Spokane, Washington

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have audited the accompanying balance sheets of Idaho General Mines, Inc. (an exploration stage company) as of December 31, 2005 and 2004, and the related statements of operations, stockholders' equity and cash flows for the years then ended and for the period from January 1, 2002 (inception of exploration stage) to December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Idaho General Mines, Inc. as of December 31, 2005 and 2004, and the results of its operations, stockholders' equity and cash flows for the years then ended and for the period from January 1, 2002 (inception of exploration stage) to December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

Wm & Webster, P.S.

Williams & Webster, P.S.
Certified Public Accountants
Spokane, Washington
March 27, 2006

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IDAHO GENERAL MINES, INC.
(AN EXPLORATION STAGE COMPANY)
BALANCE SHEETS

	December 31, 2005	December 31, 2004
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 256,773	\$ 700,498
Tax refund receivable	29,514	-
Employee advances	9,000	-
Prepaid insurance	4,113	-
Total Current Assets	<u>299,400</u>	<u>700,498</u>
PROPERTY AND EQUIPMENT		
Office furniture	41,973	22,939
Field equipment	5,428	-
Vehicles	21,376	21,376
Accumulated depreciation	<u>(15,444)</u>	<u>(4,229)</u>
Total Property and Equipment	<u>53,333</u>	<u>40,086</u>
LAND AND MINING CLAIMS	<u>496,913</u>	<u>481,223</u>
TOTAL ASSETS	<u>\$ 849,646</u>	<u>\$ 1,221,807</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 815,753	\$ 27,016
Total Current Liabilities	<u>815,753</u>	<u>27,016</u>
COMMITMENTS AND CONTINGENCIES	<u>-</u>	<u>-</u>
STOCKHOLDERS' EQUITY		
Preferred stock, Series A, \$0.001 par value; 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$0.001 par value; 200,000,000 shares authorized, 16,571,312 and 11,582,939 shares issued and outstanding, respectively	16,571	11,583
Additional paid-in capital	7,174,266	3,821,881
Accumulated deficit before exploration stage	(212,576)	(212,576)
Accumulated deficit during exploration stage	<u>(6,944,368)</u>	<u>(2,426,097)</u>
Total Stockholders' Equity	<u>33,893</u>	<u>1,194,791</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 849,646</u>	<u>\$ 1,221,807</u>

The accompanying notes are an integral part of these financial statements.

IDAHO GENERAL MINES, INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF OPERATIONS

	Twelve Months Ended		January 1, 2002 (Inception of Exploration Stage) to December 31, 2005
	December 31, 2005	December 31, 2004	
REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES:			
Property research, exploration and development	2,397,153	1,596,307	3,993,460
General and administrative expense	1,202,066	420,743	1,657,708
Professional fees	781,081	34,771	747,792
Directors fees paid with common stock	-	53,500	80,025
Management and administrative fees paid with stock options	144,500	302,775	458,775
TOTAL OPERATING EXPENSES	4,524,800	2,408,096	6,937,760
LOSS FROM OPERATIONS	(4,524,800)	(2,408,096)	(6,937,760)
OTHER INCOME			
Interest and dividend income	6,529	2,048	19,442
Realized gain on marketable securities	-	9,245	5,089
Realized income from timber sales	-	59,764	59,764
TOTAL OTHER INCOME	6,529	71,057	84,295
LOSS BEFORE TAXES	(4,518,271)	(2,337,039)	(6,853,465)
INCOME TAXES	-	-	-
NET LOSS	(4,518,271)	# (2,337,039)	# (6,853,465)
OTHER COMPREHENSIVE LOSS			
Unrealized loss on marketable securities	-	(11,007)	-
COMPREHENSIVE NET LOSS	\$ (4,518,271)	\$ (2,348,046)	\$ (6,853,465)
BASIC AND DILUTED NET LOSS PER SHARE OF COMMON STOCK	\$ (0.31)	\$ (0.39)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	14,508,054	5,988,288	

The accompanying notes are an integral part of these financial statements.

IDAHO GENERAL MINES, INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional	Accumulated Other	Accumulated	
	Shares	Amount	Paid-in Capital	Comprehensive Income (Loss)	Deficit	Total
Balance, January 1, 2002	3,140,469	\$ 314,047	\$ 130,957	\$ (2,368)	\$ (212,576)	\$ 230,060
Issuance of common stock for directors' fees	285,000	28,500	(9,975)	-	-	18,525
Unrealized losses on marketable securities	-	-	-	(6,553)	-	(6,553)
Net loss for the year ended December 21, 2002	-	-	-	-	(20,146)	(20,146)
Balances, December 31, 2002	3,425,469	3,425	460,104	(8,921)	(232,722)	221,886
Issuances of common stock						
for directors' fees of \$0.10 per share	80,000	80	7,920	-	-	8,000
Stock options issued						
for management and administration						
fees at \$0.01 per share	-	-	11,500	-	-	11,500
Unrealized gains on marketable securities	-	-	-	19,928	-	19,928
Net loss for year ended						
December 31, 2003	-	-	-	-	(68,911)	(68,911)
Balances, December 31, 2003	3,505,469	3,505	479,524	11,007	(301,633)	192,403
Issuances of common stock						
for directors' fees at \$0.50 to \$0.62 per share	95,000	95	53,405	-	-	53,500
for property at \$0.75 per share						
with warrants attached	500,000	500	374,500	-	-	375,000
for services at between \$0.11 and \$0.85 per share	285,915	286	86,974	-	-	87,260
for expenses at between \$0.55 and \$0.75 per share						
with warrants attached	1,326,000	1,326	910,824	-	-	912,150
for cash at between \$0.15 and \$0.40 per share						
with warrants attached	5,610,555	5,611	1,585,539	-	-	1,591,150
Stock options						
exercised for cash at \$0.11 per share	260,000	260	28,340	-	-	28,600
granted at between \$0.15 and \$0.75 per share	-	-	302,775	-	-	302,775
Unrealized losses on marketable securities	-	-	-	(11,007)	-	(11,007)
Net loss for year ended December 31, 2004	-	-	-	-	(2,337,040)	(2,337,040)
Balances, December 31, 2004	11,582,939	\$ 11,583	\$ 3,821,881	\$ -	\$ (2,638,673)	\$ 1,194,791

The accompanying notes are an integral part of these financial statements.

IDAHO GENERAL MINES, INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional	Accumulated Other	Accumulated	
	Shares	Amount	Paid-in Capital	Comprehensive Income (Loss)	Deficit	Total
Balances, December 31, 2004	11,582,939	\$ 11,583	\$3,821,881	\$ -	\$(2,638,673)	\$ 1,194,791
Issuances of common stock as follows:						
For administration between \$0.95 and \$1.25 per share	20,000	20	23,480	-	-	23,500
Exploration expense at \$0.75 per share	30,000	30	28,470	-	-	28,500
Office furniture at \$0.72 per share	15,000	15	10,785	-	-	10,800
For services between \$0.72 and \$1.13 per share	89,611	90	90,785	-	-	90,875
For cash between \$0.75 and \$1.10 per share with warrants attached	3,853,932	3,853	3,055,345	-	-	3,059,198
Stock option activity as follows:						
Exercised between \$0.165 and \$0.70 per share	979,830	980	(980)	-	-	-
Granted at \$0.30 and \$0.72 per share			144,500	-	-	144,500
Net loss for the year ended December 31, 2005	-	-	-	-	(4,518,271)	(4,518,271)
Balances, December 31, 2005	<u>16,571,312</u>	<u>\$ 16,571</u>	<u>\$7,174,266</u>	<u>\$ -</u>	<u>\$(7,156,944)</u>	<u>\$ 33,893</u>

The accompanying notes are an integral part of these financial statements.

IDAHO GENERAL MINES, INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CASH FLOWS

	Twelve Months Ended December 31, 2005	Twelve Months Ended December 31, 2004	January 1, 2002 (Inception of Exploration Stage) to December 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (4,518,271)	\$ (2,337,039)	\$ (6,853,465)
Adjustments to reconcile net loss to net cash used by operating activities:			
Directors' fees paid by issuing common stock	-	53,500	80,025
Depreciation and amortization	11,215	4,229	15,444
Services and expenses paid with common stock	142,875	999,700	1,142,285
Gain on sale of investments	-	(9,245)	(9,245)
Management and administrative fees paid with common stock options	144,500	302,775	458,775
Increase in employee advances	(9,000)	-	(9,000)
Increase in prepaid expenses and deposits	(33,627)	-	(33,627)
Increase in accrued expenses	788,737	27,016	724,850
Unrealized loss on securities	-	-	4,157
Net cash used by operating activities	(3,473,571)	(959,064)	(4,479,801)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for the purchase of equipment	(13,662)	(44,315)	(57,977)
Purchase of securities	-	-	(136,987)
Purchase of mining property, claims, options	(15,690)	(24,772)	(40,462)
Cash provided by sale of marketable securities	-	136,757	246,840
Net cash provided (used) by investing activities	(29,352)	67,670	11,414
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of stock	3,059,198	1,619,750	4,678,948
Proceeds from repayment of related party advance	-	(35,000)	-
Net cash provided by financing activities:	3,059,198	1,584,750	4,678,948
Net increase (decrease) in cash and cash equivalents	(443,725)	693,356	210,561
Cash and cash equivalents, beginning of period	700,498	7,433	46,212
Cash and cash equivalents, end of period	\$ 256,773	\$ 700,789	\$ 256,773
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Income taxes paid	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ -	\$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Common stock issued for equipment	\$ 10,800	\$ -	\$ 10,800
Common stock and warrants issued for property	\$ -	\$ 375,000	\$ 375,000
Common stock issued for services and expenses	\$ 142,875	\$ 999,700	\$ 1,142,285
Stock options issued for expenses	\$ 144,500	\$ 302,775	\$ 458,775

The accompanying notes are an integral part of these financial statements.

**IDAHO GENERAL MINES, INC.
(AN EXPLORATION STAGE COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 - DESCRIPTION OF BUSINESS

Idaho General Mines, Inc. ("the Company" or "IGMI") is an Idaho corporation originally incorporated as General Mines Corporation on November 23, 1925. In 1966, the Company amended its articles of incorporation to change its name to Idaho General Petroleum and Mines Corporation, and amended its articles again in 1967 changing its name to Idaho General Mines, Inc. The Company's historic activities have principally consisted of the exploration for nonferrous and precious metals in and around Shoshone County, Idaho. The Company entered a new exploration stage in early January 2002 when it shifted its focus to minerals exploration. Prior to 2003, the Company's business has been confined to periodic timber sales from its mining property holdings and other general and administrative activities. With the listing of the Company on the Over-the-Counter Bulletin Board in May 2004, the Company began a search for substantive mineral properties with a focus on metals such as copper, zinc, silver, gold and specialty metals. IGMI entered into an option to lease the Mount Hope molybdenum property located in Nevada in November 2004 and exercised that option in October 2005 after several phases of feasibility studies and project design studies, which indicated the attractiveness of the project. IGMI similarly optioned the Hall molybdenum-copper property, also in Nevada, in 2005 and exercised that option to purchase the Hall property in March 2006 with the intent of assessing economic feasibility by exploring and assessing the property's potential. Accordingly, IGMI has assumed the role of exploring, and as warranted, developing major mineral deposits which are at a relatively advanced stage and are worthy of economic consideration. IGMI has obtained substantial funding in 2004 through the first quarter of 2006 to carry out the above objectives and plans to carry such projects forward to production as indicated and as success in raising of capital allows.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting Method

The Company's financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounting Pronouncements-Recent

In May 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 154, "Accounting Changes and Error Corrections," (hereinafter "SFAS No. 154") which replaces Accounting Principles Board Opinion No. 20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements – An Amendment of APB Opinion No. 28." SFAS No. 154 provides guidance on accounting for and reporting changes in accounting principle and

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error corrections. SFAS No. 154 requires that changes in accounting principle be applied retrospectively to prior period financial statements and is effective for fiscal years beginning after December 15, 2005. The Company does not expect SFAS No. 154 to have a material impact on its financial position, results of operations, or cash flows.

In March 2005, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 47 ("FIN 47"), "Accounting for Conditional Asset Retirement Obligations." FIN 47 clarifies that the term "conditional asset retirement obligation," which as used in SFAS No. 143, "Accounting for Asset Retirement Obligations," refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The entity must record a liability for a "conditional" asset retirement obligation if the fair value of the obligation can be reasonably estimated. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. The Company does not expect SFAS No. 154 to have a material impact on its financial position, results of operations, or cash flows.

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 153. This statement addresses the measurement of exchanges of nonmonetary assets. The guidance in APB Opinion No. 29, "Accounting for Nonmonetary Transactions," is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that opinion, however, included certain exceptions to that principle. This statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This statement is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges incurred during fiscal years beginning after the date of this statement is issued. Management believes the adoption of this statement will have no impact on the financial statements of the Company.

In December 2004, the Financial Accounting Standards Board issued a revision to Statement of Financial Accounting Standards No. 123R, "Accounting for Stock Based Compensation." This statement supercedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. This statement does not change the accounting guidance for share based payment transactions with parties other than employees provided in Statement of Financial Accounting Standards No. 123. This statement does not address the accounting for employee share ownership plans, which are subject to AICPA Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans." The adoption of this statement has had no impact on the financial statements of the Company.

IDAHO GENERAL MINES, INC.
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Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Derivative Instruments

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 (hereinafter "SFAS No. 133"), "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," and SFAS No. 149, "Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities," the last of which is effective June 30, 2003. These statements establish and clarify accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. They require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change.

Historically, the Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Exploration Stage Activities

The Company has been in the exploration stage since January 2002 and has not realized any revenue from operations. It will be primarily engaged in minerals exploration until it enters a development or operations stage.

Fair Value of Financial Instruments

The Company's financial instruments as defined by Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," include cash, accounts payable and accrued liabilities. All instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at December 31, 2005 and 2004.

IDAHO GENERAL MINES, INC.
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Basic and Diluted Net Loss Per Share

Net loss per share was computed by dividing the net loss by the weighted average number of shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. Diluted net loss per share for IGMI is the same as basic net loss per share, as the inclusion of common stock equivalents would be antidilutive.

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no minable ore body is discovered, previously capitalized costs are expensed in the period the property is abandoned. Expenditures to develop new mines, to define further mineralization in existing ore bodies, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to operations. The Company charges to operations the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

Mining Claims and Land

Costs of acquiring and developing mineral properties are capitalized as appropriate by project area. Exploration and related costs and costs to maintain mineral rights and leases are expensed as incurred. When a property reaches the production stage, the related capitalized costs are amortized using the units-of-production method on the basis of periodic estimates of ore reserves. Mineral properties are periodically assessed for impairment of value, and any subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, its capitalized costs are charged to operations.

Provision for Taxes

Income taxes are provided based upon the liability method of accounting pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (hereinafter "SFAS No. 109"). Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against the deferred tax asset if management does not believe the Company has met the "more likely than not" standard imposed by SFAS No. 109 to allow recognition of such an asset.

Property and Equipment

During the year ended December 31, 2005, the Company purchased equipment costing \$16,873 and computer equipment for \$7,589. The equipment and computer will be depreciated over useful lives of three to seven years using a straight-line depreciation method. Depreciation expense for the year is \$11,215.

During the year ended December 31, 2004, the Company purchased office furniture and equipment for \$22,939 and a vehicle for \$21,376. The property and equipment are being depreciated over useful lives of three to seven years using straight-line depreciation.

IDAHO GENERAL MINES, INC.
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Reclamation and Remediation

Expenditures for ongoing compliance with environmental regulations that relate to current operations are expensed or capitalized as appropriate. Expenditures resulting from the remediation of existing conditions caused by past operations that do not contribute to future revenue generations are expensed. Liabilities are recognized when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated.

Estimates of such liabilities are based upon currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs. These amounts also reflect prior experience in remediating contaminated sites, other companies' clean-up experience and data released by The Environmental Protection Agency or other organizations. Such estimates are by their nature imprecise and can be expected to be revised over time because of changes in government regulations, operations, technology and inflation. Recoveries are evaluated separately from the liability and, when recovery is assured, the Company records and reports an asset separately from the associated liability. At December 31, 2005, the Company had no accrued liabilities for compliance with environmental regulations.

Reclassification

Certain amounts from prior periods have been reclassified to conform to the current period presentation. This reclassification has resulted in no changes to the Company's accumulated deficit or net losses presented. Previously, directors' fees paid by issuing common stock were not disclosed separately in the Company's statement of cash flows. These fees were part of services and expenses paid with common stock.

NOTE 3 - INVESTMENTS

The Company accounts for its investments in debt and equity securities in accordance with the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and reports its investments in available for sale securities at their fair value, with unrealized gains and losses excluded from income or loss and included in other comprehensive income or loss. The Company's investment securities are classified as available for sale securities which are recorded at fair value on the balance sheet as marketable securities and classified as current assets.

At December 31, 2005, the Company had no marketable securities. During the year ended December 31, 2004, the Company sold all of its available for sale securities for cash of \$136,757, resulting in a realized gain on the sale of \$9,245.

IDAHO GENERAL MINES, INC.
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NOTE 4 - LAND AND MINING CLAIMS

The Company's mining claims and land consist of approximately 107 acres of fee simple land in the Pine Creek area of Shoshone County, Idaho, six patented mining claims known as Chicago-London group, located near the town of Murray in Shoshone County, Idaho and 265 acres of private land and 3 unpatented claims in Josephine County, Oregon, known as the Turner Gold project. The carrying value of these properties at December 31, 2005 and 2004 is as follows:

	2005	2004
Pine Creek land	\$ 1,450	\$ 1,450
Chicago-London group	80,001	80,001
Turner Gold land	415,462	399,772
Total	<u>\$ 496,913</u>	<u>\$ 481,223</u>

The Company reviews the carrying value of its assets annually and whenever events or circumstances indicate that an asset's fair value may not be at least equal to its carrying value.

During the year ended December 31, 2005, the Company purchased acreage at the Turner Gold project for \$15,690. Also, the Company entered into an option agreement with High Desert Winds LLC for the Hall Tonopah property in Nye County, Nevada. Pursuant to the terms of this agreement, IGMI has been granted a nine-month option to purchase a ten square mile property including the wind generation potential and water rights, mineral and surface rights, buildings and remaining equipment. These properties would transfer to IGMI upon payment of \$5 million to High Desert Winds LLC. The Company extended the option agreement with High Desert Winds with payments of \$75,000 in June and \$100,000 in August of 2005. The option was subsequently extended to March 17, 2006 with an \$80,000 payment paid on January 17, 2006.

On November 12, 2004, IGMI entered into an option to lease all property and assets of the Mount Hope Molybdenum Property from Mt. Hope Mines, Inc. Exercise of the option in October 2005 allows IGMI to proceed for the next 30 years with permitting, developing and mining the deposit and for so long thereafter as IGMI maintains an active operation. At December 31, 2004, the Company had paid \$456,286 on the Mount Hope option and issued 500,000 shares of common stock with 500,000 warrants to purchase shares of common stock.

Pursuant to the terms of the lease, the underlying total royalty on production payable to Mt. Hope Mines, Inc., less certain deductions, is 3 percent for a molybdenum price up to \$12 per pound, 4 percent for a molybdenum price up to \$15 per pound, and 5 percent for a molybdenum price above \$15 per pound. IGMI is subject to certain periodic payments totaling \$1,550,000 to be paid as per schedule between January 2006 and October 2010. IGMI has a best efforts obligation, by the third anniversary of the lease, to pay Mt. Hope Mines, Inc. a recoverable periodic payment (advance royalty) of 3 percent of the estimated capital cost of the project. This obligation to pay 3 percent of the construction capital is subject to certain extension provisions through October 2013. Minimum royalty payment after the mine commences operations is \$0.27 a pound of molybdenum if produced and \$500,000 per year if the plant is idle. Additionally, IGMI is obligated to pay Exxon Mineral Company a one percent net smelter royalty on all production.

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On June 30, 2005, the Company entered into an option to purchase land and water rights on property located near the Mt. Hope property in Nevada. The option was paid for with cash of \$152,000 and 30,000 shares of restricted common stock. The option will be in effect for two years commencing June 30, 2005. Total purchase price of the property is \$1.8 million.

NOTE 5 - RELATED PARTY TRANSACTIONS

At December 31, 2005, the Company had an employee receivable in the amount of \$9,000 for cash advances to a corporate officer for expenses and salary. This amount was fully repaid in during the three months ended March 31, 2006.

The Company paid professional service fees of \$35,319 during the year ended December 31, 2005, to the Company's legal counsel, who is a shareholder and also serves as the Company's secretary/treasurer.

The Company paid consultant fees of \$49,060 during the year ended December 31, 2004, to the son of the Company president, for services provided.

Additional related party transactions are detailed in Notes 6 and 8.

NOTE 6 - COMMON STOCK

During the period ended December 31, 2005, the Company issued 3,853,932 shares of common stock for cash of \$3,059,198, issued 89,611 shares of common stock for services valued at \$90,875, issued 20,000 shares of common stock for management valued at \$23,500, 15,000 shares of common stock for property valued at \$10,800, and issued 30,000 shares of stock for property valued at \$28,500. Additionally, upon the cashless exercise of options, the Company issued 979,830 shares of common stock. At December 31, 2005, some of the shares had not yet been administratively issued. In April 2005, the Company, in a shareholder rights agreement that prevents a hostile takeover, declared a dividend of one right for every common stock share held. The right is exercisable at \$1.03 until December 31, 2007. The exercise price of the right is subject to adjustment.

During the year ended December 31, 2004, the Company issued 5,610,555 shares of common stock for cash of \$1,264,670, issued 95,000 shares of common stock for directors fees valued at \$53,500, issued 285,915 shares of common stock for services valued at \$87,260, issued 1,326,000 shares of common stock for expenses valued at \$783,400 and issued 500,000 shares of common stock for property valued at \$328,820. Additionally, the Company issued 260,000 shares of common stock from the exercise of stock options for cash of \$28,600.

During 2004, the board of directors and shareholders adopted amended and restated articles of incorporation, which authorized the Company's issuance of 200,000,000 shares of common stock with a \$0.001 par value. Prior to 2004, the Company was authorized to issue 25,000,000 shares of common stock with a par value of \$0.10.

IDAHO GENERAL MINES, INC.
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NOTE 7 - PREFERRED STOCK

On October 28, 2004, shareholders of the Company authorized 10,000,000 shares of no par value preferred stock. The authorized but unissued shares of preferred stock may be issued in designated series from time to time by one or more resolutions adopted by the board of directors. The directors have the power to determine the preferences, limitations and relative rights of each series of preferred stock.

On November 16, 2004, the board of directors unanimously consented to amend the articles of incorporation of the Company. The amendment reclassified 10,000,000 shares of the Company's no par value preferred stock into 10,000,000 shares of \$0.001 par value Series A preferred stock. At December 31, 2004 and 2005, no shares of \$0.001 par value Series A preferred stock were issued or outstanding.

NOTE 8 - COMMON STOCK OPTIONS

The board of directors and shareholders adopted the Idaho General Mines, Inc. 2003 Stock Option Plan ("Plan") during 2004. The purpose of the Plan is to give the Company greater ability to attract, retain, and motivate its officers and key employees and is intended to provide the Company with ability to provide incentives more directly linked to the success of the Company's business and increases in shareholder value.

The board of directors has determined that options issuable pursuant to the Plan will be utilized solely for the purpose of granting incentive stock options ("ISOs") for employees (pursuant to Internal Revenue Code 422). The maximum number of shares available for issuance under the Plan is currently 3,000,000 shares. Although the Plan permits the issuance of both incentive stock options and non-qualified stock options, the board of directors has opted to issue only incentive stock options under the Plan.

During the year ended December 31, 2005, the Company granted 950,000 incentive stock options (enabling the option holders to purchase 950,000 shares of common stock) under the Plan with an exercise price of \$0.72 and expirations at various dates through 2007. These options were granted to officers and employees. The fair value of each option is estimated on the issue date using the Black-Scholes Option Price Calculation. The following assumptions were made in estimating fair value: risk free interest of 4%; volatility of 73%; dividend rate of 0%; and expected life of 2 years. The total value was calculated at \$307,800. Expense was recorded of \$113,400 for the ISOs, which vested in first quarter of 2005.

During the year ended December 31, 2004, the Company granted 1,485,000 non-qualified stock options outside of the Plan and 1,910,000 incentive stock options under the Plan with exercise prices ranging from \$0.15 to \$0.75 and expirations at various dates through 2011. These options were granted to officers, directors, and other related parties. The fair value of each option is estimated on the issue date using the Black-Scholes Option Price Calculation. The following assumptions were made in estimating fair value: risk free interest rate of 4%; volatility of 46%; dividend rate of 0%; and expected life of 2 years. The total value was calculated at \$302,775. Expense was recorded of \$19,350 for the ISOs, which vest in first quarter of 2005. Expense was recorded for \$11,750 for the ISOs, which vest in third quarter of 2005.

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During the year ended December 31, 2003, the Company granted 1,150,000 non-qualified stock options outside of the Plan with an exercise price of \$0.11 and an expiration of five years from the date of the grant to officers, directors, and other related parties. In connection with the issue, the Company recorded \$11,500, or \$0.01 per option in compensation expense based upon management's estimate of the value of the services rendered and the value of the options granted. During 2004, 260,000 of these options were exercised for cash.

The following is a summary of the Company's stock option plans:

	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans not approved by security holders	-	\$ -	-
Equity compensation plans approved by security holders:			
2003 Stock Option Plan	1,840,000	0.47	205,000
Other equity compensation	2,200,000	0.41	n/a
Total	<u>4,040,000</u>	<u>\$ 0.43</u>	<u>205,000</u>

IDAHO GENERAL MINES, INC.
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The following is a summary of stock option activity in 2004 and 2005:

	Number of Shares	Weighted Average Exercise Price
Outstanding at January 1, 2004	1,150,000	\$ 0.11
Granted	3,395,000	0.38
Exercised	260,000	0.11
Forfeited	-	-
Expired	-	-
Outstanding at December 31, 2004	4,285,000	\$ 0.33
Options exercisable at December 31, 2004	3,165,000	
Weighted average fair value of options granted during 2004	\$0.14	
Outstanding at January 1, 2005	4,285,000	\$ 0.33
Granted	950,000	0.72
Exercised	1,195,000	-
Forfeited	-	-
Expired	-	-
Outstanding at December 31, 2005	4,040,000	\$ 0.43
Options exercisable at December 31, 2005	2,880,000	
Weighted average fair value of options granted during 2005	\$0.32	

The following table gives information about the Company's common stock that may be issued upon the exercise of options under the Company's existing stock option plan and upon the exercise of options outside of the Company's existing stock option plan as of December 31, 2005.

Exercise Prices	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Number Exercisable	Weighted Average Exercise Price
\$0.11	790,000	\$0.11	2.96	790,000	\$0.11
0.15	150,000	0.15	3.21	150,000	0.15
0.15	100,000	0.15	4.21	100,000	0.15
0.15	450,000	0.15	5.21	-	0.00
0.30	50,000	0.30	5.55	-	0.00
0.30	100,000	0.30	3.56	100,000	0.30
0.44	650,000	0.44	3.74	650,000	0.44
0.44	30,000	0.44	4.74	30,000	0.44
0.44	60,000	0.44	5.74	-	0.00
0.70	220,000	0.70	3.93	220,000	0.70
0.72	350,000	0.72	4.02	350,000	0.72
0.72	300,000	0.72	5.02	-	0.00
0.72	300,000	0.72	6.00	-	0.00
0.75	490,000	0.75	3.87	490,000	0.75
	4,040,000	\$0.44	2.56 years	2,880,000	\$0.43
Unrecognized compensation cost of non-vested options			\$225,500		
Weighted average remaining life of non-vested options			5.78 years		

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NOTE 9 - COMMON STOCK WARRANTS

During the nine months ended September 30, 2005, the Company granted 2,998,932 common stock warrants (attached to common stock) with an exercise price of \$1.00 per share and an expiration date of two years. The fair value of each option is estimated using the Black-Scholes Option Price Calculation. The following assumptions were made in estimating fair value: risk free interest of 4%; volatility of 73%; dividend rate of 0%; and expected life of two years. The total value of these warrants was estimated at \$758,148.

During the three months ended December 31, 2005 the Company granted 210,000 common stock warrants with an exercise price of \$1.75 per share and an expiration date of two years. The fair value of each option is estimated using the Black-Scholes option Price Calculation. The following assumptions were made in estimating fair value: risk interest rate of 4%; dividend rate of 0%; volatility of 82% and expected life of two years. The total value of these warrants was estimated at \$64,767.

During the year ended December 31, 2004, the Company granted 7,010,555 common stock warrants (attached to common stock) with exercise prices ranging from \$0.40 to \$1.20 and expirations at various dates through 2011. The fair value of each option is estimated using the Black-Scholes Option Price Calculation. The following assumptions were made in estimating fair value: risk free interest rate of 4%; volatility of 46%; dividend rate of 0%; and expected life of 2 years. The total value of these warrants was estimated at \$501,140.

NOTE 10 – INCOME TAXES

At December 31, 2005 and December 31, 2004, the Company had deferred tax assets of approximately \$1,040,000 and \$864,000, respectively, principally arising from net operating loss carryforwards for income tax purposes multiplied by an expected rate of 34%. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the deferred tax assets, a valuation allowance equal to the deferred tax asset has been established at December 31, 2005 and December 31, 2004. The significant components of the deferred tax asset at December 31, 2005 and December 31, 2004 were as follows:

	December 31, 2005	December 31, 2004
Net operating loss carryforward	\$ <u>3,061,000</u>	\$ <u>2,542,000</u>
Deferred tax asset	\$ 1,040,000	\$ 864,000
Deferred tax asset valuation allowance	<u>(1,040,000)</u>	<u>(864,000)</u>
Net deferred tax asset	\$ <u>-</u>	\$ <u>-</u>

At December 31, 2005 and December 31, 2004, the Company has net operating loss carryforwards of approximately \$3,061,000 and \$2,542,000, respectively, which expire in the years 2022 through 2025. The change in the allowance account from December 31, 2004 to December 31, 2005 was \$176,000.

IDAHO GENERAL MINES, INC.
(AN EXPLORATION STAGE COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Company owns and has owned mineral property interests on certain public and private lands in Shoshone County, Idaho. The Company's mineral property holdings include lands contained in mining districts that have been designated as "Superfund" sites pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). The Company and its properties have been and are subject to a variety of federal and state regulations governing land use and environmental matters. The Company believes it has been in substantial compliance with all such regulations, and is unaware of any pending action or proceeding action relating to regulatory matters that would affect the financial position of the Company. The Company's management acknowledges, however, that the possibility exists that the Company may be subject to environmental liabilities associated with its properties in the future, and that the amount and nature of any liabilities the Company may be held responsible for is impossible to estimate.

On June 16, 2005, the Company entered into an agreement to secure the services of a contractor. The terms of the agreement include the issuance of 100,000 restricted shares of common stock to the contractor, vesting in batches of 25,000 through March 1, 2006, and the issuance of an additional 35,000 restricted shares of common stock if a successful deal is consummated.

On August 9, 2005, the Company entered into an agreement with Wachovia Securities to investigate strategic alternatives. The Company is contractually obligated for an advisory fee of \$100,000, payable in three increments, the first of which was paid in August, 2005. The Company has committed to pay a sliding transaction fee payable at the closing of a merger or acquisition. In any event, the fee will not be less than \$1 million dollars. In addition, the Company is obligated to reimburse all reasonable expenses incurred by the advisor.

On September 2, 2005, the Company entered into an agreement with Canaccord Capital Corporation as its financial advisor for proposed equity financing agreements.

On November 8, 2005 the Company entered into a rotary drilling agreement with Lang exploratory drilling. The project consists of drilling six water holes and five condemnation holes.

On November 15, 2005 the Company entered into a contract with MinnovEx-SGS for a progressive grinding circuit design study. The original order was \$81,987.

IDAHO GENERAL MINES, INC.
(AN EXPLORATION STAGE COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 12 - SUBSEQUENT EVENTS

On January 13, 2006, \$80,000 was paid by the Company to extend its High Desert Winds option agreement to February 17, 2006. The Company then extended the option to March 17, 2006. On March 17, 2006, the Company purchased the property paying a cash payment of \$4.5 million and agreed to make a deferred payment of up to an additional \$1,000,000 in purchase price which is payable, if at all, on or before March 17, 2008 depending on the outcome of activities at the property.

A private placement, which closed January 10, 2006, resulted in additional sales of 3,441,396 shares of the Company's common stock for \$3,786,129 in cash. Fees associated with the private placement include \$171,999 which will be paid in cash, and fees of \$163,550 which will be paid by issuing Company stock.

On February 15, 2006, the Company issued 15 million shares of common stock and warrants to purchase an additional 8.3 million shares, including warrants issued as compensation to the placement agent. The units were sold at a price of \$2.00 per unit. Each unit consisted of one share of the Company's common stock and a warrant to purchase one-half of a share of the Company's common stock at an exercise price of \$3.75 per whole share, exercisable for a five-year period. Proceeds from the private placement were \$30,000,000 in cash less \$2,125,000 in agent placement fees, excluding other fees and expenses.

On February 17, 2006, the Company announced that it has applied to list its common stock on the American Stock Exchange ("AMEX").

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 8A. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Annual Report on Form 10-KSB. Based on that evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

There was no change in our internal control over financial reporting that occurred during the fourth quarter of fiscal 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 8B. OTHER INFORMATION

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Information required under this Item 9 will be included in an amendment to this Form 10-KSB or in the proxy statement for our 2006 annual meeting of stockholders, in either case, to be filed within 120 days after December 31, 2005, which is incorporated by reference to this report.

ITEM 10. EXECUTIVE COMPENSATION

Information required under this Item 10 will be included in an amendment to this Form 10-KSB or in the proxy statement for our 2006 annual meeting of stockholders, in either case, to be filed within 120 days after December 31, 2005, which is incorporated by reference to this report.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required under this Item 11 will be included in an amendment to this Form 10-KSB or in the proxy statement for our 2006 annual meeting of stockholders, in either case, to be filed within 120 days after December 31, 2005, which is incorporated by reference to this report.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required under this Item 12 will be included in an amendment to this Form 10-KSB or in the proxy statement for our 2006 annual meeting of stockholders, in either case, to be filed within 120 days after December 31, 2005, which is incorporated by reference to this report.

ITEM 13. EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1 ⁽¹⁾	Amended and Restated Articles of Incorporation adopted November 4, 2004 and Articles of Amendment to the Amended and Restated Articles of Incorporation dated November 15, 2004
3.2 ⁽¹⁾	Bylaws adopted September 15, 2004
4.1 ⁽¹⁾	Shareholder Rights Agreement dated September 22, 2005
4.2 ⁽²⁾	First Amendment to Shareholders Rights Agreement dated February 14, 2006
4.3 ⁽²⁾	Form of Security Purchase Agreement in connection with the private placement completed February 15, 2006
4.4 ⁽²⁾	Form of Common Stock Purchase Warrant in connection with the private placement completed February 15, 2006
4.5 ⁽²⁾	Form of Common Stock Warrant Issued Pursuant to Placement Agent Agreement in connection with the private placement completed February 15, 2006
4.6 ⁽⁴⁾	Form of Subscription Agreement in connection with the private placement completed January 10, 2006
4.7 ⁽⁴⁾	Form of Subscription Agreement for Regulation S Offering in connection with the private placement completed January 10, 2006
4.8 ⁽⁴⁾	Form of Common Stock Purchase Warrant in connection with the private placement completed January 10, 2006
4.9 ⁽⁴⁾	Letter #1 to Investors regarding Registration Rights dated January 6, 2006 in connection with the private placement completed January 10, 2006
4.10 ⁽⁴⁾	Letter #2 to Investors regarding Registration Rights dated January 6, 2006 in connection with the private placement completed January 10, 2006
10.1 ⁽⁵⁾	Lease Agreement dated October 17, 2005 between Idaho General Mines, Inc. and Mount Hope Mines, Inc.
10.2 ⁽⁶⁾	Option to Lease dated November 12, 2004, between Idaho General Mines, Inc. and Mount Hope Mines, Inc.
10.3 ⁽⁶⁾	Margaret Purchase Agreement dated September 28, 2004, between Idaho General Mines, Inc. and Jane Ellen Leigh
10.4 ⁽¹⁾	Option to Purchase Agreement dated February 14, 2005 between Idaho General Mines, Inc. and High Desert Winds, LLC, Addendum to Option to Purchase Agreement dated June 15, 2005, Second Addendum to Option to Purchase Agreement dated January 4, 2006 and Third Addendum to Option to Purchase Agreement dated March 2006 (Confidential treatment has been requested for certain portions of this exhibit, and such confidential portions have been separately filed with the Securities Exchange Commission.)
10.5 ⁽¹⁾	Asset Purchase Agreement dated March 17, 2006 between Idaho General Mines, Inc. and High Desert Winds, LLC
10.6 ⁽⁷⁾	Employment Agreement dated March 31, 2005 between Idaho General Mines, Inc. and Robert L. Russell
10.7 ⁽⁷⁾	Employment Agreement dated March 31, 2005 between Idaho General Mines, Inc. and Robert L. Dumont
10.8 ⁽⁷⁾	Employment Agreement dated March 31, 2005 between Idaho General Mines, Inc. and Matthew F. Russell
10.9 ⁽³⁾	2003 Stock Option Plan of Idaho General Mines, Inc. dated December 13, 2003.
10.10 ⁽³⁾	Form of Stock Option Agreement under 2003 Stock Option Plan of Idaho General Mines, Inc.
10.11 ⁽¹⁾	Modification to Mount Hope Mines Lease Agreement dated January 26, 2006.
14.1 ⁽³⁾	Code of Ethics for President, Chief Executive Officer and Senior Financial Officers of Idaho General Mines, Inc.
21.1 ⁽¹⁾	Subsidiaries of Idaho General Mines, Inc.

- 31.1⁽¹⁾ Certification of CEO pursuant to Rule 13a-14(a)/15d-14(a)
31.2⁽¹⁾ Certification of CFO pursuant to Rule 13a-14(a)/15d-14(a)
32.1⁽¹⁾ Certification of CEO pursuant to Section 1350
32.2⁽¹⁾ Certification of CFO pursuant to Section 1350

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- (1) Filed herewith.
(2) Incorporated by reference to the Current Report on Form 8-K filed by Idaho General Mines, Inc. on February 17, 2006.
(3) Incorporated by reference to the General Form for Registration of Securities of Small Business Issuers on Form 10-SB/A filed by Idaho General Mines, Inc. on May 14, 2004.
(4) Incorporated by reference to the Current Report on Form 8-K filed by Idaho General Mines, Inc. on January 17, 2006.
(5) Incorporated by reference to the Current Report on Form 8-K filed by Idaho General Mines, Inc. on January 23, 2006.
(6) Incorporated by reference to the Annual Report on Form 10-KSB filed by Idaho General Mines, Inc. on April 6, 2005.
(7) Incorporated by reference to the Current Report on Form 8-K filed by Idaho General Mines, Inc. on April 25, 2005.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required under this Item 14 will be included in an amendment to this Form 10-KSB or in the proxy statement for our 2006 annual meeting of stockholders, in either case, to be filed within 120 days after December 31, 2005, which is incorporated by reference to this report.

GLOSSARY OF TECHNICAL TERMS

AA	Atomic absorption.
Alteration	Changes in the chemical or mineralogical composition of a rock by hot aqueous solutions.
ANFO	An explosive composition consisting of an oxidizing agent such as ammonium nitrate and a fuel material that may include a fuel oil and which also comprises a solid fuel such as rubber particles or polystyrene.
Apophyses	A small dike or sill injected from a larger intrusive body into adjacent rocks.
Aqua regia	A mixture of hydrochloric and nitric acids capable of dissolving many metals including gold.
Assay	An analysis to determine the proportions of metals or other valuable commodities in a sample.
Bedrock	Solid rock exposed at the surface of the Earth or overlain by unconsolidated material, weathered rock or soil.
Block model	Representation of a mineral deposit by a three dimensional array of blocks.
Chalcopyrite	A copper iron sulphide mineral.
Cm(s)	Centimetres.
Deposit	Natural occurrence of a useful mineral.
Diamond drilling	A type of rotary drilling in which bits containing diamonds are used as the rock-cutting tool and core is usually recovered.
Dike	A planar intrusion that cuts bedding or layering of the surrounding rocks.
FeMo	Ferromolybdenum.
g	Gram.
GPS	Global positioning system.
Grade	Relative quantity or the percentage of ore mineral or metal content in an orebody.
HDPE	High density polyethylene.
HQ	2.5 inches diameter drill core.
HQ core size	Drill core with a diameter of 2.5 inches.
km(s)	Kilometers.
K tonnes	A measure of weight equal to 1,000 tonnes.
km ²	Square kilometers.

kwh	Kilowatt hours.
lb or lbs	Pounds.
Lithologic	Adjective from 'lithology' – pertaining to rock.
M	Metre.
m ³	Cubic meter.
Magmatic	Of, pertaining to, or derived from naturally occurring molten rock material.
Mill	Equipment used to grind crushed rock to the desired size for mineral extraction.
Mineralization	The presence of minerals of possible economic value – and also the process by which concentration of economic minerals occurs.
Mm	Millimeters.
Mo	Molybdenum.
MoS ₂	Molybdenite.
NQ	1.87 inches diameter drill core.
NQ size core	Drill core with a diameter of 1.87 inches.
Open pit	A large-scale hard-rock surface mine.
Ore	A mineral or aggregate of minerals which can be commercially mined at a profit.
Ounce or oz	Troy ounce (= 31.1035 grams).
Potassic Alteration	Rock characterized by potassium-feldspar minerals.
Pyrite	An iron sulphide mineral.
RC	Reverse circulation.
Rhyolite	Rhyolite is a type of lava.
SAG mill	Semi autogenous grinding mill.
Silicate	A compound whose crystal lattice contains the silicate tetrahedron.
Sill	An intrusion that is sheet-like and parallel to bedding or layering in the host rocks.
SX-EW	Solvent Extraction Electrowinning.
Tailings	The gangue and other refuse material resulting from the washing, concentration or treatment of ground ore.

Technical Report	“Mount Hope Project, Eureka, Nevada USA, Resource and Reserve Estimate Technical Report” dated December 19, 2005.
TMO	Technical grade molybdenum oxide.
Toll	Royalty on minerals.
Toll Roasting	Roasting third party molybdenum concentrates.
Ton	A measure of weight equal to 2,000 pounds.
Tonne	A measure of weight equal to 1,000 kilograms or 2,204.6 lbs.
Tuff	Rock formed from volcanic ash.
UTM	Universal Transverse Mercator – a commonly used map projection system.
Vein	A tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle.

SIGNATURES

In accordance with the requirements of the Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in Spokane, Washington on March 31, 2006.

IDAHO GENERAL MINES, INC.

By: /s/ Robert L. Russell
Robert L. Russell
President and Chief Executive Officer
(Principal Executive Officer)

In accordance with the requirements of the Section 13 or 15(d) of the Exchange Act, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities on March 31, 2006.

<u>/s/ Robert L. Russell</u> Robert L. Russell	President, Chief Executive Officer, Director (Principal Executive Officer)
<u>/s/ Robert L. Dumont</u> Robert L. Dumont	Vice President of Business Strategies (Principal Financial and Accounting Officer)
<u>/s/ John B Benjamin</u> John B. Benjamin	Director
<u>/s/ Gene W. Pierson</u> Gene W. Pierson	Director
<u>/s/ Norman A. Radford</u> Norman A. Radford	Director
<u>/s/ R. David Russell</u> R. David Russell	Director
<u>/s/ Richard Nanna</u> Richard Nanna	Director
<u>/s/ Robert L. Chapman</u> Robert L. Chapman	Director

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AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
IDAHO GENERAL MINES, INC.

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Pursuant to the provisions of the Idaho Business Corporation Act the following Amended and Restated Articles of Incorporation are submitted for filing.

ARTICLE I
Name

The name of the corporation is Idaho General Mines, Inc.

ARTICLE II
Purpose

The purpose of this corporation shall be to transact any and all lawful business for which corporations may be incorporated under the Idaho Business Corporation Act, in general, to have and exercise all the powers conferred by the laws of Idaho upon corporations formed under the Idaho Business Corporation Act and to do any and all things hereinbefore set forth to the same extent as natural persons might or could do.

ARTICLE III
Duration

This corporation shall be of perpetual duration.

ARTICLE IV
Authorized Capital Stock

The authorized capital stock of the corporation shall consist of two classes of stock, designated as Common Stock and Preferred Stock.

The total number of shares of Common Stock that the corporation will have authority to issue is Two Hundred Million (200,000,000). The shares shall have \$.001 par value. All of the Common Stock authorized herein shall have equal voting rights and powers without restrictions in preference.

The total number of shares of Preferred Stock that the corporation will have authority to issue is Ten Million (10,000,000). The Preferred Stock shall have no stated value. The Preferred Stock shall be entitled to preference over the Common Stock with respect to the distribution of assets of the corporation in the event of liquidation, dissolution, or winding-up of the corporation, whether voluntarily or involuntarily, or in the event of any other distribution of assets of the corporation among its shareholders for the purpose of winding-up its affairs. The authorized but unissued shares of Preferred Stock may be divided into and issued in designated series from time to time by one or more resolutions adopted by the Board of Directors. The Directors in their sole discretion may also

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power to determine the preferences, limitations and relative rights of each series of Preferred Stock within the limits set forth in Section 30-1-601 of the Idaho Business Corporation Act.

ARTICLE V

Voting

The holders of any of the corporation's capital stock shall possess voting power for the election of directors and for all other purposes, subject to such limitations as may be imposed by law and by any provision of the *Articles of Incorporation* in the exercise of their voting power. Cumulative voting for the election of directors is hereby expressly prohibited. The holders of Common Stock shall be entitled to one vote for each share held. All of the Common Stock authorized herein shall have equal voting rights and powers without restrictions in preference.

ARTICLE VI

Board of Directors

The number of directors constituting the Board of Directors of this corporation may be increased or decreased from time to time in the manner specified in the Bylaws of this corporation; provided, however, that the number shall not be less than one (1) or more than nine (9). In case of a vacancy in the Board of Directors because of a director's resignation, removal or other departure from the board, or because of an increase in the number of directors, the remaining directors, by majority vote, may elect a successor to hold office for the unexpired term of the director whose position is vacant, and until the election and qualification of a successor.

ARTICLE VII

Director Liability

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for conduct as a director, except for liability of the director for (i) acts or omissions that involve intentional misconduct or a knowing violation of law by the director, (ii) conduct which violates the Idaho Business Corporation Act, pertaining to unpermitted distributions to shareholders or loans to directors, or (iii) any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled. If the Idaho Business Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Idaho Business Corporation Act, as so amended. Any repeal or modification of the foregoing paragraph by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

ARTICLE VIII
Indemnification

The corporation is authorized to indemnify, agree to indemnify or obligate itself to advance or reimburse expenses incurred by its Directors, Officers, employees or agents in any Proceeding (as defined in the Idaho Business Corporation Code) to the full extent of the laws of the State of Idaho as may now or hereafter exist.

ARTICLE IX
Bylaws

Subject to the power of shareholders to amend or repeal, the Board of Directors of this corporation shall have the power to enact and amend such Bylaws defining the powers and duties of the officers of the corporation and providing for such other matters in relation to its affairs as they may deem necessary and convenient, provided the same are not out of harmony with the laws of the State of Idaho or these Articles of Incorporation.

ARTICLE X
Amendments

The corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred on the shareholders herein are granted subject to this reservation.

ARTICLE XI
Registered Agent

The name of the registered agent of this corporation is Michael K. Branstetter.

ARTICLE XII
Registered Office

The post office address of the registered office of this corporation is P.O. Box 709, Wallace, Idaho 83873.

ARTICLE XIII
Resolution Approving Restated Articles

The Amended and Restated Articles of Incorporation herein were approved, ratified and adopted by the Unanimous Consent of the Board of Directors on September 15, 2004 and the affirmative vote of the holders representing a majority of the total number of shares issued and outstanding on October 28, 2004 (4,059,201 shares voting "For" and 1,000 shares voting "Against" and 17,359 shares "Abstaining") at the annual meeting on October 28, 2004.

IN WITNESS WHEREOF, the corporation has caused these Amended and Restated Articles of Incorporation to be executed this 4th day of November, 2004.

Idaho General Mines, Inc.

By 
Robert L. Russell, President

FILED EFFECTIVE

ARTICLES OF AMENDMENT
OF
IDAHO GENERAL MINES, INC.

2004 NOV 18 PM 3:19

Pursuant to the provisions of the Idaho Business Corporation Act, Title 30, Chapter 1 Part 10, the following Articles of Amendment to Amended and Restated Articles of Incorporation are submitted for filing to amend Article IV - Authorized Capital Stock to reclassify the Preferred Stock as set forth herein.

AMENDED ARTICLE IV

The authorized capital stock of the corporation shall consist of two classes of stock, designated as Common Stock and Series A Preferred Stock.

The total number of shares of Common Stock that the corporation shall have authority to issue is Two Hundred Million (200,000,000). The shares shall have \$.001 par value. All of the Common Stock authorized herein shall have equal voting rights and powers without restrictions in preference.

The total number of shares of Series A Preferred Stock that the corporation will have authority to issue is Ten Million (10,000,000). The Series A Preferred Stock shall have \$.001 par value and be entitled to preference over the Common Stock with respect to the distribution of assets of the corporation in the event of liquidation, dissolution, or winding-up of the corporation, whether voluntarily or involuntarily, or in the event of any other distribution of assets of the corporation among its shareholders for the purpose of winding-up its affairs. The authorized but unissued shares of Series A Preferred Stock may be divided into and issued in designated sub-series from time to time by one or more resolutions adopted by the Board of Directors. The Directors in their sole discretion shall have the power to determine the preferences, limitations and relative rights of each series of Series A Preferred Stock within the limits set forth in Section 30-1-601 of the Idaho Business Corporation Act.

Pursuant to Section 30-1-1005 of the Idaho Business Corporation Act, this Amendment has been approved by the Idaho General Mines, Inc. Board of Directors. No shareholder approval is required for this Amendment.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be executed on this 15 day of November, 2004.

IDAHO GENERAL MINES, INC.

By

Robert L. Russell, President

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**BYLAWS
OF
~~IDAHO GENERAL MINES, INC.~~**

**ARTICLE I
OFFICES**

1.1 Registered Office and Registered Agent. The registered office of the corporation shall be located in the State of Idaho at such place as may be fixed from time to time by the Board of Directors ("Board") upon filing of such notices as may be required by law, and the registered agent shall have a business office identical with such registered office. Any change in the registered agent or registered office shall be effective upon filing such change with the Office of the Secretary of State of the State of Idaho.

1.2 Other Offices. The corporation may have other offices within or outside the State of Idaho at such place or places as the Board may from time to time determine.

**ARTICLE II.
SHAREHOLDERS**

2.1 Meeting Place. All meetings of the shareholders shall be held at the principal place of business of the corporation, or at such other place as shall be determined from time to time by the Board, and the place at which any such meeting shall be held shall be stated in the notice of the meeting.

2.2 Annual Meeting. The annual meeting of the shareholders for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held on the last Tuesday in October (or the next business day should this date fall on a holiday or nonworking day), or at such other time as the Board of Directors may determine from time to time. If the annual meeting of the shareholders is not held within any thirteen (13) month period, the District Court of the county where the corporation's principal office is located or, if none in the state of Idaho, its registered office may, on the application of any shareholder for a Writ of Mandamus, summarily order a meeting to be held.

2.3.1 Special Meetings. Special meetings of the shareholders for any purpose may be called at any time by the President, Board, or the holders of not less than one-tenth (1/10) of all shares entitled to vote at the meeting.

2.4 Court Ordered Meeting. (1) The Idaho district court of the county where a corporation's principal office, or, if none in this state, its registered office, is located may summarily order a meeting to be held: (a) On application of any shareholder of the corporation entitled to participate in an annual meeting if an annual meeting was not held within thirteen (13) months after its last annual meeting; or (b) On application of a

shareholder who signed a demand for a special meeting valid under section 30-1-702, Idaho Code, if: (i) Notice of the special meeting was not given within thirty (30) days after the date the demand was delivered to the corporation's secretary, or (ii) The special meeting was not held in accordance with the notice. (2) The court may fix the time and place of the meeting, determine the shares entitled to participate in the meeting, specify a record date for determining shareholders entitled to notice of and to vote at the meeting, prescribe the form and content of the meeting notice, fix the quorum required for specific matters to be considered at the meeting, or direct that the votes represented at the meeting constitute a quorum for action on those matters, and enter other orders necessary to accomplish the purpose or purposes of the meeting.

2.5 Notice.

(a) Notice of the date, time and place of the annual meeting of shareholders shall be given by delivering personally or by mailing a written or printed notice of the same, at least ten (10) days, and not more than sixty (60) days, prior to the meeting to each shareholder of record entitled to vote at such meeting.

(b) At least ten (10) days and not more than sixty (60) days prior to the meeting, written or printed notice of each special meeting of shareholders, stating the date, place, day and hour of such meeting, and the purpose or purposes for which the meeting is called, shall be delivered personally, or mailed to each shareholder of record entitled to vote at such meeting.

2.5 Voting Record. At least ten (10) days before each meeting of shareholders, a complete record of the shareholders entitled to vote at such meeting, or any adjournment thereof, shall be made, arranged in alphabetical order, with the address of and number of shares held by each, which record shall be kept on file at the registered office of the corporation for a period of ten (10) days prior to such meeting. The record shall be produced and kept open at the time and place of such meeting for the inspection of any shareholder. Failure to comply with the requirements of this Section shall not affect the validity of any action taken at such meeting.

An officer or agent having charge of the stock transfer books who shall fail to prepare the record of shareholders, or keep it on file for a period of ten (10) days, or produce and keep it open for inspection at the meeting, as provided in this Section, shall be liable to any shareholder suffering damages on account of such failure to the extent of such damages.

2.6 Quorum. Except as otherwise provided in the Articles of Incorporation or required by law:

(a) A quorum at any annual or special meeting of shareholders shall consist of shareholders representing, either in person or by proxy, a majority of the outstanding shares of the corporation, entitled to vote at such meeting.

(b) The votes of a majority in interest of those present at any properly called meeting or adjourned meeting of shareholders at which a quorum as in this Section defined is presented, shall be sufficient to transact business.

2.7 Voting of Shares. Except as otherwise provided in these Bylaws or to the extent that voting rights of the shares of any class or classes are limited or denied by the Articles of Incorporation, each shareholder, on each matter submitted to a vote at a meeting of shareholders, shall have one vote for each share registered in the shareholder's name on the books of the corporation.

2.8 Closing of Transfer Books and Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend or in order to make a determination of shareholders for any other proper purpose, the Board may provide that the stock transfer books shall be closed for a stated period not to exceed sixty (60) days nor to be less than ten (10) days preceding such meeting. In lieu of closing the stock transfer books, the Board may fix in advance a record date for any such determination of shareholders, such date to be not more than seventy (70) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made, as provided in this Section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

2.9 Proxies. A shareholder may vote either in person or by proxy executed in writing by the shareholder, or his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Any proxy regular on its face shall be presumed to be valid.

2.10 Action by Shareholders Without a Meeting. Any action required or which may be taken at a meeting of shareholders of the corporation may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of shareholders.

2.11 Waiver of Notice. A waiver of any notice required to be given any shareholders, signed by the person or persons entitled to such notice, whether before or after the time stated therein for the meeting, shall be equivalent of the giving of such notice.

2.12 Action of Shareholders by Communication Equipment. Shareholders may participate in a meeting of shareholders by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

2.13 Voting of Shares by Certain Holders. Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the Bylaws of such corporation may prescribe or, in the absence of such provision, as the board of directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so be contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

ARTICLE III.

SHARES

3.1 Issuance of Shares. No shares of the corporation shall be issued unless authorized by the Board. Such authorization shall include the maximum number of shares to be issued and the consideration to be received for each share. No certificate shall be issued for any share until such share is fully paid.

3.2 Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board. Such certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary. The signatures of such officers may be facsimiles if the certificate is manually signed on behalf of a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. Certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares or other identification and date of issue, shall be entered on the share transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed

or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the corporation as the Board may prescribe. Each certificate representing shares shall state upon the face thereof:

- (a) The name of the issuing corporation.
- (b) That the corporation is organized under the laws of the State of Idaho.
- (c) The name of the person to whom issued.
- (d) The number and class of shares; and the designation of the series, if any, which such certificates represent.

(e) If the issuing corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences and limitations applicable to each class and the variations in rights, preferences and limitations determined for each series and the board's authority to determine variations for future series must be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder this information on request in writing and without charge.

3.3 Transfers.

(a) Transfers of stock shall be made only upon the share transfer books of the corporation, kept at the registered office of the corporation or at its principal place of business, or at the office of its transfer agent or registrar, and before a new certificate is issued the old certificate shall be surrendered for cancellation. The Board may, by resolution, open a share register in any state of the United States, and may employ an agent or agents to keep such register, and to record transfers of shares therein.

(b) Shares shall be transferred by delivery of the certificates therefor, accompanied either by an assignment in writing on the back of the certificate or an assignment separate from certificate, or by a written power of attorney to sell, assign and transfer the same, signed by the holder of said certificate. No shares of stock shall be transferred on the books of the corporation until the outstanding certificates therefor have been surrendered to the corporation.

3.4 Registered Owner. Registered shareholders shall be treated by the corporation as the holders in fact of the stock standing in their respective names and the corporation shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly provided below or by the laws of the State of Idaho.

The Board may adopt by resolution a procedure whereby a shareholder of the corporation may certify in writing to the corporation that all or a portion of the shares registered in the name of such shareholder are held for the account of a specified person or persons. The resolution shall set forth:

- (a) The classification of shareholder who may certify;
- (b) The purpose or purposes for which the certification may be made;
- (c) The form of certification and information to be contained therein;
- (d) If the certification is with respect to a record date or closing of the share transfer books, the date within which the certification must be received by the corporation; and
- (e) Such other provisions with respect to the procedure as are deemed necessary or desirable.

Upon receipt by the corporation of a certification complying with the procedure, the persons specified in the certification shall be deemed, for the purpose or purposes set forth in the certification, to be the holders of record of the number of shares specified in place of the shareholder making the certification.

3.5 Mutilated, Lost or Destroyed Certificates. In case of any mutilation, loss or destruction of any certificate of stock, another may be issued in its place on proof of such mutilation, loss or destruction. The Board may impose conditions on such issuance and may require the giving of a satisfactory bond or indemnity to the corporation in such sum as they might determine or establish such other procedures as they deem necessary.

3.6 Fractional Shares or Scrip. The corporation may: (a) issue fractions of a share which shall entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any of the assets of the corporation in the event of liquidation; (b) arrange for the disposition of the fractional interests by those entitled thereto; (c) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such shares are determined; or (d) issue scrip in registered or bearer form which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip aggregating a full share. The Board may cause such scrip to be issued subject to the condition that it shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the condition that the shares for which such scrip is exchangeable may be sold by the corporation and the proceeds thereof distributed to the holders of such scrip, or subject to any other conditions which the Board may deem advisable.

3.7 Share of Another Corporation. Shares owned by the corporation in another corporation, domestic or foreign, may be voted by such officer, agent or proxy as the Board may determine or, in the absence of such determination, by the President of the corporation.

3.8 Issuance/Consideration.

(a) Shares may be issued at a price determined by the Board of Directors, or the Board may set a minimum price or establish a formula or method by which the price may be determined.

(b) Consideration for shares may consist of cash, promissory notes, services performed, contracts for services to be performed, or any other tangible or intangible property. If shares are issued for other than cash, the Board of Directors shall determine the value of the consideration.

(c) Shares issued when the corporation receives the consideration determined by the Board are validly issued, fully paid and nonassessable.

(d) A good faith judgment of the Board of Directors as to the value of the consideration received for shares is conclusive.

(e) The corporation may place shares issued for a contract for future services or a promissory note in escrow, or make other arrangements to restrict the transfer of the shares, and make credit distributions in respect of the shares against their purchase price, until the services are performed or the note is paid. If the services are not performed or the note is not paid, the shares escrowed or restricted and the distributions credited may be cancelled in whole or in part.

3.9 Restriction on Transfer. All certificates representing unregistered shares of the corporation shall bear the following legend on the face of the certificate or on the reverse of the certificate if a reference to the legend is contained on the face:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY APPLICABLE STATE LAW, AND NO INTEREST THEREIN MAY BE SOLD, DISTRIBUTED, ASSIGNED, OFFERED, PLEDGED OR OTHERWISE TRANSFERRED UNLESS (A) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS COVERING ANY SUCH TRANSACTION INVOLVING SAID SECURITIES OR (B) THIS CORPORATION RECEIVES AN OPINION OF LEGAL COUNSEL FOR THE HOLDER OF THESE SECURITIES (CONCURRED IN BY LEGAL COUNSEL FOR THIS CORPORATION) STATING THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION OR THIS CORPORATION

OTHERWISE SATISFIED ITSELF THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION. NEITHER THE OFFERING OF THE SECURITIES NOR ANY OFFERING MATERIALS HAVE BEEN REVIEWED BY ANY ADMINISTRATOR UNDER THE SECURITIES ACT OF 1933, OR ANY APPLICABLE STATE LAW. THE TRANSFER AGENT HAS BEEN ORDERED TO EFFECTUATE TRANSFERS OF THIS CERTIFICATE ONLY IN ACCORDANCE WITH THE ABOVE INSTRUCTIONS.

ARTICLE IV. BOARD OF DIRECTORS

4.1 Number and Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of a corporation shall be managed under the direction of the Board, except as may be otherwise provided in the Articles of Incorporation. The Board shall consist of not less than one (1) persons nor more than fifteen (15) persons, who shall be elected for a term of one (1) year, and shall hold office until their successors are elected and qualify. Directors need not be shareholders or residents of the State of Idaho. In addition to the powers and authorities expressly conferred upon the corporation by these Bylaws and the Articles of Incorporation, the Board may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

4.2 Change of Number. Any vacancy occurring in the Board, whether caused by resignation, death or otherwise, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board. A director elected to fill any vacancy shall hold office for the unexpired term of his predecessor and until his successor is elected and qualified. Any directorship to be filled by reason of an increase in the number of directors may be filled by the Board for a term of office continuing only until the next election of directors by the shareholders.

4.3 Removal of Directors. At a meeting of shareholders called expressly for that purpose, the entire Board, or any member thereof, may be removed, with or without cause. A director may be removed only if the number of votes cast to remove him exceeds the number of votes cast not to remove him.

4.4 Regular Meetings. Regular meetings of the Board or any committee designated by the Board may be held without notice at the principal place of business of the corporation or at such other place or places, either within or without the State of Idaho, as the Board or such committee, as the case may be, may from time to time designate. The annual meeting of the Board shall be held without notice immediately after the adjournment of the annual meeting of shareholders.

4.5 Special Meetings.

(a) Special meetings of the Board may be called at any time by the President, Secretary or by any one director, to be held at the principal place of business of the corporation or at such other place or places as the Board or the person or persons calling such meeting may from time to time designate.

(b) Special meetings of any committee may be called at any time by such person or persons and with such notice as shall be specified for such committee by the Board or, in the absence of such specification, in the manner and with the notice required for special meetings of the Board.

4.6 Notice of Special Meetings. Written notice of each special meeting of the Board shall be delivered personally, telegraphed or mailed to each director at his address shown on the records of the corporation at least two (2) days before the meeting. Notice shall be effective upon delivery at such address, provided that notice by mail shall also be deemed effective if deposited in the United States mail properly addressed with postage prepaid at least five (5) days before the meeting, and notice by telegraph shall also be deemed effective if the content thereof is delivered to the telegraph company at least three (3) days before the meeting. Neither the business to be transacted at nor the purpose of any special meeting need be specified in the notice of such meeting.

4.7 Quorum. A majority of the directors shall constitute a quorum for the transaction of business at any Board meeting, but if less than a majority is present at a meeting, a majority of the directors may adjourn the meeting from time to time without further notice.

4.8 Manner of Acting. The act of the majority of the directors present at a meeting at which there is a quorum shall be the act of the Board.

4.9 Waiver of Notice.

(a) Whenever any notice is required to be given to any director or a committee member under the provisions of these Bylaws, the Articles of Incorporation or the Idaho Business Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board or a committee need be specified in the waiver of notice of such meeting.

(b) The attendance of a director or a committee member at a meeting shall constitute a waiver of notice of such meeting, except where the director or a committee member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4.10 Presumption of Assent A director of the corporation present at a Board meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting, or unless he files his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or unless he forwards such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

4.11 Resignation. Any director may resign at any time by delivering written notice to the President or the Secretary, or to the registered office of the corporation, or by giving oral notice at any meeting of the directors or shareholders.

4.12 Executive and Other Committees. The Board, by resolution adopted by a majority of the full board of directors, may designate from among its members an executive committee and one or more other committees each of which, to the extent provided in such resolution of the Articles of Incorporation or these Bylaws, shall have and may exercise all the authority of the Board, except that no such committee shall have the authority to: (1) declare dividends, except at a rate or in periodic amount determined by the Board; (2) approve or recommend to shareholders actions or proposals required by this title to be approved by shareholders; (3) fill vacancies on the Board or any committee thereof; (4) amend the Bylaws; (5) authorize or approve the reacquisition of shares unless pursuant to general formula or method specified by the Board; (6) fix compensation of any director for serving on the Board or on any committee; (7) approve a plan of merger, consolidation, or exchange of shares not requiring shareholder approval; (8) reduce earned or capital surplus; or (9) appoint other committees of the Board or the members thereof.

4.13 Remuneration. By Board resolution, directors and committee members may be paid their expenses, if any, of attendance at each Board or committee meeting, or a fixed sum for attendance at each Board or committee meeting, or a stated salary as director or a committee member, or a combination of the foregoing. No such payment shall preclude any director or committee member from serving the corporation in any other capacity and receiving compensation therefor.

4.14 Loans to Directors - Guarantees of Obligations of Director. A corporation may not lend money to or guarantee the obligation of a director of the corporation.

4.15 Action by Directors Without a Meeting. Any action required or which may be taken at a meeting of the directors, or of a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken or to be taken, shall be signed by all of the directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

4.16 Participation of Directors by Communication Equipment. Members of the Board or committees designated by the Board may participate in a meeting of the Board or a committee by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

4.17 Duties of Directors. A director of the corporation shall perform the duties of a director, including the duties as a member of any committee of the Board upon which the director may serve, in good faith, in a manner such director believes to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

In performing the duties of a director, a director shall be entitled to rely on information, opinion, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) One or more officers or employees of the corporation whom the director believes to be reliable and competent in the matter presented;
- (b) Counsel, public accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- (c) A committee of the Board upon which the director does not serve, duly designated in accordance with a provision in the Articles of Incorporation or these Bylaws, as to matters within its designated authority, which committee the director believes to merit confidence; so long as, in any such case, the director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

4.18 Liability of Directors in Certain Cases. In addition to any other liabilities, directors shall be liable in the following circumstances unless they comply with the standard provided under Idaho law.

- (a) Directors of the corporation who vote for or assent to the declaration of any dividend or other distribution of the assets of the corporation to its shareholders contrary to the provisions of the Idaho Business Corporation Act (the "Act"), or contrary to any restrictions contained in the Articles of Incorporation, shall be jointly and severally liable to the corporation for the amount of such dividend which is paid or the value of such assets which are distributed in excess of the amount of such dividend or distribution which could have been paid or distributed without a violation of the provisions of the Act or the restrictions in the Articles of Incorporation.

(b) Directors of this corporation who vote for or assent to the purchase of their own shares contrary to the provisions of the Act shall be jointly and severally liable to the corporation for the amount of consideration paid for such shares which is in excess of the maximum amount which could have been paid therefor without a violation of the provisions of the Act.

(c) Directors of the corporation who vote for or assent to any distribution of assets of the corporation to its shareholders during the liquidation of the corporation without the payment and discharge of, or making adequate provision for, all known debts, obligations, and liabilities of the corporation shall be jointly and severally liable to the corporation for the value of such assets which are distributed, to the extent that such debts, obligations, and liabilities of the corporation are not thereafter paid and discharged.

(d) Directors of the corporation who vote for or assent to the making of a loan to an officer or director of the corporation, or the making of any loan secured by shares of the corporation, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof, unless approved by the shareholders.

Any director against whom a claim shall be asserted under or pursuant to this Section for the payment of a dividend or other distribution of assets of the corporation and who shall be held liable thereon, shall be entitled to contribution from the shareholders who accepted or received any such dividend or assets, knowing such dividend or distribution to have been made in violation of the Act, in proportion to the amounts received by them respectively.

Any director against whom a claim shall be asserted under or pursuant to this Section shall be entitled to contribution from the other directors who voted for or assented to the action upon which the claim is asserted and who did not comply with the standard provided in this Section for the performance of the duties of directors.

4.19 Corporation Transactions with Interested Director.

(1) No contract or other transaction between the corporation and a director thereof, or between the corporation and any other corporation, firm, association or other entity in which a director of the corporation has a substantial financial interest, shall be either void or voidable for this reason alone, or by reason alone that such director is present at the meeting of the board, or of a committee thereof, which authorizes, approves or ratifies such contract or transactions, or that such director's vote is counted for such purpose:

(a) If the material facts as to the contract or other transaction and as to such director's interest in such contract or transaction, or as to any such financial interest, are fully disclosed or known to the Board or committee, and the Board or committee authorizes, approves or ratifies such contract or transaction in

good faith by a vote sufficient for such purpose without counting of such interested director, or if the votes of the disinterested directors are insufficient to constitute an act of the Board as defined under Idaho law, by unanimous vote of the disinterested directors; or

(b) If the material facts as to the contract or other transaction and as to such director's interest in such contract or transaction, or as to any such financial interest, are fully disclosed or known to the shareholders entitled to vote thereon, and such contract or transaction is authorized, approved or ratified by the vote of the holders of a majority of the shares entitled to vote thereon, with the shares owned by the interested director not being entitled to vote thereon.

(2) If the material facts as to the contract or other transaction and as to such director's interest in such contract or transaction, or as to any such financial interest, are fully disclosed or known to the shareholders entitled to vote thereon, and such contract or transaction is authorized, approved or ratified by the vote of the holders of a majority of the shares entitled to vote thereon, including the vote of shares owned by the interested director, the corporation may avoid the contract or transaction if it sustains the burden of proving that the contract or transaction was not fair and reasonable to the corporation at the time it was authorized, approved or ratified by the shareholders.

(3) If the material facts as to the contract or other transaction or as to such director's interest in such contract or transaction, or as to any such financial interest, were not fully disclosed or known to the Board, committee or shareholders authorizing, approving or ratifying such contract or transaction, or if the contract or transaction was not authorized, approved or ratified in the manner described in subparagraphs (1)(a) or (1)(b), or in paragraph (2), the corporation may avoid the contract or transaction unless the person asserting the validity of the contract or transaction sustains the burden of proving that the contract or transaction was fair and reasonable to the corporation at the time it was authorized, approved, or ratified by the Board, committee or shareholders, or that the contract or transaction was fair and reasonable to the corporation at the time it was entered into, if the contract or transaction was never authorized, approved, or ratified by the Board, a committee or the shareholders.

(4) For the purposes of this Section:

(a) "Substantial financial interest" shall exclude the interest of a person in a corporation, firm, association, or other entity solely by reason of being a director, an officer or an employee, or their equivalents, thereof,

(b) A director is not interested in a resolution fixing the compensation of another director as a director, an officer or an employee of the corporation, notwithstanding the fact that the first director is also receiving compensation from the corporation.

(c) Any contract or transaction between a corporation and a person, corporation, firm, association, or other entity made in the ordinary course of business at standard prices, or on terms not less favorable to the corporation than those offered by the person, corporation, firm, association, or other entity to others, shall be prima facie fair and reasonable.

(5) Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee that authorizes, approves, or ratifies such contract or transaction and their shares may be counted in determining the presence of a quorum at a meeting of shareholders that authorizes, approves, or ratifies such contract or transaction.

4.20 Corporation Transactions Involving Common Directorships.

(1) No contract or other transaction between a corporation and any other corporation, firm, association, or other entity of which one of its directors is a director, an officer or an employee, or their equivalents, shall be either void or voidable for this reason alone, or by reason alone that such director is present at the meeting of the Board or a committee thereof which authorizes, approves or ratifies the contract or transaction, or that such director's vote is counted for such purpose:

(a) If the material facts as to the contract or other transaction and as to the director's relationship with the other entity are fully disclosed or known to the Board or committee, and the Board or committee authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for such purpose without counting the vote of the director who is a director, an officer, or an employee of the other entity, or if the votes of unrelated directors are insufficient to constitute an act of the Board by a majority vote of unrelated directors; or

(b) If the material facts as to the contract or other transaction and as to the director's relationship with the other entity are fully disclosed or known to the shareholders entitled to vote thereon, and such contract is authorized, approved or ratified by the vote of the holders of a majority of the shares entitled to vote thereon.

(2) If the material facts as to the contract or transaction or as to the director's relationship to the other entity were not fully disclosed or known to the Board, committee or shareholders, or if the contract or transaction was not authorized, approved or ratified in the manner described in subparagraphs (1)(a) or (1)(b), the corporation may avoid the contract or transaction if it sustains the burden of proving that the contract or transaction was not fair and reasonable to the corporation at the time that it was authorized, approved or ratified by the Board, committee or shareholders, or that the contract or transaction was not fair and reasonable to the corporation at the time that it was authorized, approved or ratified by the Board, committee or shareholders, or that the contract or transaction was not fair and reasonable to the corporation at the time it was entered into, if the

contract or transaction was never authorized, approved, or ratified by the Board, a committee or the shareholders.

(3) Directors who are directors, officers, or employees of another entity may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes, approves or ratifies a contractor transaction with such other entity, and shares owned by such directors may be counted in determining the presence of a quorum at a meeting of shareholders which authorizes, approves or ratifies such a contract or transaction.

ARTICLE V. OFFICERS

5.1 Designations. The officers of the corporation shall be a President, one or more Vice Presidents (one or more of whom may be Executive Vice Presidents), a Secretary and a Treasurer, and such Assistant Secretaries and Assistant Treasurers as the Board may designate, who shall be elected for one year by the directors at their first meeting after the annual meeting of shareholders, and who shall hold office until their successors are elected and qualify. Any two or more offices may be held by the same person.

5.2 The President. The President shall preside at all meetings of shareholders and directors, shall have general supervision of the affairs of the corporation, and shall perform all such other duties as are incident to such office or are properly required of the President by the Board.

5.3 Vice Presidents. During the absence or disability of the President, the Executive Vice Presidents, if any, and the Vice Presidents in the order designated by the Board, shall exercise all the functions of the President. Each Vice President shall have such powers and discharge such duties as may be assigned to the Vice President from time to time by the Board.

5.4 Secretary and Assistant Secretaries. The Secretary shall issue notices for all meetings, except for notices for special meetings of the shareholders and special meetings of the directors which are called by the requisite number of shareholders or directors, shall keep minutes of all meetings, shall have charge of the seal and the corporate books, and shall make such reports and perform such other duties as are incident to such office, or are properly required of the Secretary by the Board. The Assistant Secretary, or Assistant Secretaries, in the order designated by the Board, shall perform all of the duties of the Secretary during the absence or disability of the Secretary, and at other times may perform such duties as are directed by the President or the Board.

5.5 The Treasurer. The Treasurer shall have the custody of all monies and securities of the corporation and shall keep regular books of account. The Treasurer shall disburse the funds of the corporation in payment of the just demands against the corporation or as may be ordered by the Board, taking proper vouchers for such

disbursements, and shall render to the Board from time to time, as may be required of the Treasurer, an account of all such transactions as Treasurer and of the financial condition of the corporation. The Treasurer shall perform such other duties incident to such office or that are properly required of the Treasurer by the Board. The Assistant Treasurer, or Assistant Treasurers in the order designated by the Board, shall perform all of the duties of the Treasurer in the absence or disability of the Treasurer, and at other times may perform such other duties as are directed by the President or the Board.

5.6 Delegation. In the case of absence or inability to act of any officer of the corporation and of any person herein authorized to act in such person's place, the Board may from time to time delegate the powers or duties of such officer to any other officer or any director or other person whom it may select.

5.7 Vacancies. Vacancies in any office arising from any cause may be filled by the Board at any regular or special meeting of the Board.

5.8 Other Officers. The Board may appoint such other officers and agents as it shall deem necessary or expedient, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

5.9 Loans. No loans shall be made by the corporation to any officer.

5.10 Term-Removal. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer or agent may be removed by the Board whenever in its judgment the best interest of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

5.11 Bonds. The Board may, by resolution, require any and all of the officers to give bonds to the corporation, with sufficient surety or sureties, conditioned for the faithful performance of the duties of their respective offices, and to comply with such other conditions as may from time to time be required by the Board

5.12 Salaries. The salaries, if any, of the officers shall be fixed from time to time by the Board, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

ARTICLE VI. DIVIDENDS AND FINANCE

6.1 Dividends. The Board may, from time to time, declare and the corporation may pay dividends on its outstanding shares in cash, property, or its own shares, except when the corporation is insolvent or when the payment thereof would render the corporation insolvent or when the declaration or payment thereof would be

contrary to any restrictions contained in the Articles of Incorporation subject to the following provisions:

(1) Except as otherwise provided in this Section, dividends may be declared and paid in cash or property only out of:

(a) The unreserved and unrestricted net earned surplus of the corporation, or

(b) The unreserved and unrestricted net earnings of the current fiscal year and the next preceding fiscal year taken as a single period. No dividend out of unreserved and unrestricted net earnings so computed shall be paid which would reduce the net assets of the corporation below the aggregate preferential amount payable in the event of voluntary liquidation to the holders of shares having preferential rights to the assets of the corporation in the event of liquidation.

(2) Dividends may be declared and paid in its own treasury shares.

(3) Dividends may be declared and paid in its own authorized but unissued shares out of any unreserved and unrestricted surplus of the corporation upon the following conditions:

(a) If a dividend is payable in its own shares having a par value, such shares shall be issued at not less than the par value thereof and there shall be transferred to stated capital at the time such dividend is paid an amount of surplus equal to the aggregate par value of the shares to be issued as a dividend.

(b) If a dividend is payable in its own shares without par value, such shares shall be issued at such stated value as shall be fixed by the Board by resolution adopted at the time such dividend is declared, and there shall be transferred to stated capital at the time such dividend is paid an amount of surplus equal to the aggregate stated value so fixed in respect of such shares; and the amount per share so transferred to stated capital shall be disclosed to the shareholders receiving such dividend concurrently with the payment thereof.

6.2 Reserves. Before making any distribution of earned surplus, there may be set aside out of the earned surplus of the corporation such sum or sums as the directors from time to time in their absolute discretion deem expedient as a reserve fund to meet contingencies, or for equalizing dividends, or for maintaining any property of the corporation, or for any other purpose; and any earned surplus of any year not distributed as dividends shall be deemed to have been thus set apart until otherwise disposed of by the Board.

6.3 Depositories. The monies of the corporation shall be deposited in the name of the corporation in such bank or banks or trust company or trust companies as the

Board shall designate, and shall be drawn out only by check or other order for payment of money signed by such persons and in such manner as may be determined by resolution of the Board.

ARTICLE VII. NOTICES

Except as may otherwise be required by law, any notice to any shareholder or director may be delivered personally or by mail. If mailed, the notice shall be deemed to have been delivered when deposited in the United States mail, addressed to the addressee at his last known address in the records of the corporation, with postage thereon prepaid.

ARTICLE VIII. INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

8.1 Definitions.

- (a) "Director" means any person who is or was a director of the corporation and any person who, while a director of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan.
- (b) "Corporation" includes any domestic or foreign predecessor entity of the corporation in a merger, consolidation, or other transaction in which the predecessor's existence ceased upon consummation of such transaction.
- (c) "Expenses" includes attorneys' fees.
- (d) "Official capacity" means: (i) When used with respect to a director, the office of director in the corporation, and (ii) when used with respect to a person other than a director as contemplated in Section 8.10 of this Article, ~~the elective or appointive office in the corporation held by the officer or the~~ employment or agency relationship undertaken by the employee or agent in behalf of the corporation, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, trust, other enterprise, or employee benefit plan.
- (e) "Party" includes a person who was, is, or is threatened to be, made a named defendant or respondent in a proceeding.
- (f) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative.

8.2 Director Indemnification. The corporation shall indemnify any person made a party to any proceeding (other than a Proceeding referred to in Section 8.3 of this Article), by reason of the fact that he is or was a director, against judgments, penalties, fines, settlements and reasonable Expenses actually incurred by him in connection with such Proceeding if:

(a) He conducted himself in good faith, and: (i) in the case of conduct in his own official capacity with the corporation, he reasonably believed his conduct to be in the corporation's best interests, or (ii) in all other cases, he reasonably believes his conduct to be at least not opposed to the corporation's best interests; and

(b) In the case of any criminal Proceeding, he had no reasonable cause to believe his conduct was unlawful.

The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself be determinative that the person did not meet the requisite standard of conduct set forth in this subsection.

8.3 Expenses. The corporation shall indemnify any person made a party to any proceeding by or in the right of the corporation, by reason of the fact that he is or was a director, against reasonable expenses actually incurred by him in connection with such proceeding if he conducted himself in good faith, and:

(a) In the case of conduct in his official capacity with the corporation, he reasonably believed his conduct to be in its best interests; or

(b) In all other cases, he reasonably believed his conduct to be at least not opposed to its best interests; provided that no indemnification shall be made pursuant to this Section in respect of any proceeding in which such person shall have been adjudged to be liable to the corporation.

8.4 Exclusion. A director shall not be indemnified under Section 8.2 or 8.3 of this Article in respect to any Proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he shall have been adjudged to be liable on the basis that personal benefit was improperly received by him.

8.5 Court Authority. Unless otherwise limited by the Articles of Incorporation:

(a) A director who has been wholly successful, on the merits or otherwise, in the defense of any proceeding referred to in Section 8.2 or 8.3 of this Article shall be indemnified against reasonable expenses incurred by him in connection with the proceeding; and

(b) A court of appropriate jurisdiction upon application of a director and such notice as the court shall require shall have authority to order indemnification in the following circumstances: (i) if the court determines a director is entitled to reimbursement under (a) of this subsection, the court shall order indemnification, in which case the director shall be entitled to recover the expenses of securing such reimbursement; or (ii) if the court determines that the director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he has met the standards set forth in Section 8.2 or 8.3 of this Article or has been adjudged liable under Section 8.4 of this Article, the court may order such indemnification as the court shall deem proper, except that indemnification with respect to any proceeding referred to in Section 8.3 of this Article and with respect to any proceedings in which liability shall have been adjudged pursuant to Section 8.4 of this Article shall be limited to Expenses.

8.6 Corporate Approval. No indemnification under Section 8.2 or 8.3 of this Article shall be made by the corporation unless authorized in the specific case after a determination that indemnification of the director is permissible in the circumstances because he has met the standard of conduct set forth in the applicable Section. Such determination shall be made:

(a) ~~By the Board by a majority vote of a quorum consisting of directors not at the time parties to such proceedings; or~~

(b) If such a quorum cannot be obtained, then by a majority vote of a committee of the Board, duly designated to act in the matter by a majority vote of the full Board (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to such proceeding; or

(c) In a written opinion by legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services within the past three years for the corporation or any party to be indemnified, selected by the Board or a committee thereof by vote as set forth in (a) or (b) of this subsection, or if the requisite quorum of the full Board cannot be obtained therefor and such committee cannot be established, by a majority vote of the full Board (in which selection directors who are parties may participate); or

(d) By the shareholders.

Authorization of indemnification and determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by such legal counsel, authorization of indemnification and determination as to reasonableness of expenses shall be made in a manner specified in (c) of this Section for the selection of such counsel.

Shares held by directors who are parties in the proceeding shall not be voted on the subject matter under this subsection.

8.7 Expenses Prior to Final Disposition. Reasonable expenses incurred by a director who is party to a proceeding may be paid or reimbursed by the corporation in advance of the final disposition of such Proceeding:

(a) Upon receipt by the corporation of a written undertaking by or on behalf of the director to repay such amount if it shall ultimately be determined that the director has not met the standard of conduct necessary for indemnification by the corporation as authorized by this section; and

(b) Either:

(i) After a determination, made in the manner specified by Section 8.6 of this Article, that the information then known to those making the determination (without undertaking further investigation for purposes thereof) does not establish that indemnification would not be permissible under Section 8.2 or 8.3 of this Article; or

(ii) Upon receipt by the corporation of a written affirmation by the director of his good faith belief that he has met the standard of conduct necessary for indemnification by the corporation as authorized in this section.

The undertaking required by (a) of this subsection shall be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make the repayment.

Payments under this subsection may be authorized in the manner specified in Section 8.6 of this Article.

8.8 Intentional Acts. Any corporation shall have power to make or agree to any further indemnity, including advance of expenses, to any director that is authorized by the articles of incorporation, any bylaw adopted or ratified by the shareholders, or any resolution adopted or ratified, before or after the event, by the shareholders, provided that no such indemnity shall indemnify any director from or on account of acts or omissions of such director finally adjudged to be intentional misconduct or a knowing violation of law, or from or on account of conduct of such director finally adjudged to be in violation of, from or on account of any transaction with respect to which it was finally adjudged that such director personally received a benefit in money, property, or services to which the director was not legally entitled. Unless the articles of incorporation, or any such bylaw or resolution provide otherwise, any determination as to any further indemnity shall be made in accordance with Section 8.6 of this Article. Each such indemnity may continue as to a person who has ceased to be a director and may inure to the benefit of the heirs, executors, and administrators of such a person.

8.9 Officer Indemnification. For purposes of this Article, the corporation shall be deemed to have requested a director to serve an employee benefit plan where the performance by him of his duties to the corporation also imposes duties on, or otherwise involves services by, him to the plan or participants or beneficiaries of the plan; excise taxes assessed on a director with respect to an employee benefit plan pursuant to applicable law shall be deemed "fines"; and action taken or omitted by him with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the corporation.

8.10 Insurance. The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as an officer, employee or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

8.11 Employee and Agent Indemnification. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as an officer, employee or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

8.12 Indemnification Report. Any indemnification of a director in accordance with this Article, including any payment or reimbursement of expenses, shall be reported to the shareholders with the notice of the next shareholders' meeting or prior thereto in a written report containing a brief description of the proceedings involving the director being indemnified and the nature and extent of such indemnification.

ARTICLE IX.

BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its shareholders and Board; and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of the shares held by each. Any books, records, and minutes may be in written form or any other form capable of being converted into written form within a reasonable time.

ARTICLE X.
AMENDMENTS

10.1 By Shareholders. These Bylaws may be altered, amended or repealed by the affirmative vote of a majority of the voting stock issued and outstanding at any regular or special meeting of the shareholders.

10.2 By Directors. The Board shall have power to make, alter, amend and repeal the Bylaws of this corporation. However, any such Bylaws, or any alteration, amendment or repeal of the Bylaws, may be changed or repealed by the holders of a majority of the stock entitled to vote at any shareholders' meeting.

10.3 Emergency Bylaws. The Board may adopt emergency Bylaws, to repeal or change by action of the shareholders, which shall be operative during any emergency in the conduct of the business of the corporation resulting from an attack on the United States or any nuclear or atomic disaster.

ARTICLE XII.
CONTROL SHARE ACQUISITION ACT

The Corporation chooses not to be subject to the provisions of the Control Share Acquisition Act of the Idaho Statutes.

ARTICLE XIII.
BUSINESS COMBINATION ACT

The corporation elects not to be subject to the provisions of the Business Combination Act of the Idaho Statutes.

Adopted by resolution of the corporation's Board on the 15th day of September, 2004.



, Secretary

IDAHO GENERAL MINES
SHAREHOLDERS RIGHTS AGREEMENT

IDAHO GENERAL MINES, INC.
SHAREHOLDERS RIGHTS AGREEMENT
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Agreement, dated September 22, 2005 between Idaho General Mines, Inc., an Idaho corporation (the "Company"), and Columbia Stock Transfer Company, (the "Rights Agent").

The Board of Directors of the Company has authorized and declared a dividend of one right (a "Right") for each Common Share (as hereinafter defined) of the Company outstanding as of the close of business on April 18, 2005 (the "Record Date"), each Right representing the right to purchase one and one half Common Shares, upon the terms and subject to the conditions herein set forth, and has further authorized and directed the issuance of one Right with respect to each Common Share that shall become outstanding between the Record Date and the earliest of the Distribution Date, the Redemption Date, the Exchange Date and the Final Expiration Date (as such terms are hereinafter defined).

Accordingly, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

SECTION 1. *Certain Definitions*

For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" shall mean any Person who or which, together with all Affiliates and Associates of such Person, shall be the Beneficial Owner of twenty percent (20%) or more of the Common Shares then outstanding, but shall not include the Company, any Subsidiary of the Company or any employee benefit plan of the Company or any Subsidiary of the Company, or any entity holding Common Shares for or pursuant to the terms of any such plan.

(b) "Act" shall mean the Securities Act of 1933.

(c) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as amended (the "Exchange Act"), as in effect on the date of this Agreement.

(d) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities

(i) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly;

(ii) which such Person or any of such Person's Affiliates or Associates has: (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement, or understanding (other than group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than the Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (B) the right to vote pursuant to any agreement, arrangement, or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement, or understanding to vote such security: (1) arises solely from a revocable proxy or consent given to such person in

response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations of the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement, or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the provision to Section 1(d)(ii)(B)) or disposing of any securities of the Company.

(e) "Board of Directors" shall mean the Board of Directors of the Company; provided, that after such time as any Person has become an Acquiring Person, any action stated herein to be taken by the Board of Directors shall require the presence in office of Continuing Directors and the concurrence of a majority of the Continuing Directors.

(f) "Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which banking institutions in the State of Idaho are authorized or obligated by law or executive order to close.

(g) "Close of Business" on any given date shall mean 5:00 P.m., Spokane, Washington time, on such date; provided, however, that if such date is not a Business Day it shall mean 5:00 P.m., Spokane, Washington time, on the next succeeding Business Day.

(h) "Common Shares" when used with reference to the Company shall mean the shares of common stock, \$0.001 par value, of the Company. "Common Shares" when used with reference to any Person other than the Company shall mean the capital stock with the greatest Voting Power, or the equity securities or other equity interest having power to control or direct the management of such Person or, if such other Person is a Subsidiary of another Person, of the Person or Persons which ultimately control such first mentioned Person and which has issued and outstanding such capital stock, equity securities, or equity interests.

(i) "Continuing Director" shall mean those directors who were members of the Board of Directors on the date immediately preceding the Share Acquisition Date and who are not an Acquiring Person. Any action, matter, or question which is to be determined by the Continuing Directors shall be determined by a majority of the Continuing Directors who shall constitute and have the full authority of a committee of the Board of Directors.

(j) "Current Value" shall have the meaning set forth in Section 11(a)(iv) hereof.

(k) "Distribution Date" shall mean the earlier of the (i) tenth day after the Share Acquisition Date, or the tenth day after the date of the commencement (determined in accordance with Rule 14d-2 under the Exchange Act or any successor rule) by any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company, or any entity holding Common Shares for or pursuant to the terms of any such plan) of a tender or exchange offer the consummation of which would result in any Person becoming the Beneficial Owner of Common Shares aggregating twenty percent (20%) or more of the then outstanding Common Shares, or (ii) such later date as may be fixed by a majority vote of the Board of Directors from time to time by notice to the Rights Agent and publicly announced by the Company.

- (l) "Exchange Act" shall have the meaning set forth in Section 1(c) hereof.
- (m) "Exchange Date" shall have the meaning set forth in Section 24(b) hereof.
- (n) "Final Expiration Date" shall have the meaning set forth in Section 7 hereof.
- (o) "Permitted Offer" shall have the meaning set forth in Section 11(a)(iii).
- (p) "Person" shall mean any individual, firm, partnership, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.
- (q) "Principal Party" shall have the meaning set forth in Section 13(b) hereof.
- (r) "Purchase Price" shall have the meaning set forth in Section 4 hereof.
- (s) "Security" shall have the meaning set forth in Section 11(d) hereof.
- (t) "Redemption Date" shall have the meaning set forth in Section 7 hereof.
- (u) "Redemption Price" shall have the meaning set forth in Section 23(b) hereof.
- (v) "Share Acquisition Date" shall mean the first date of public announcement by the Company or an Acquiring Person that a Person has become an Acquiring Person.
- (w) "Subsidiary" of any Person shall mean any corporation or other entity of which a majority of the Voting Power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person, or which is otherwise controlled by such Person.
- (x) "Trading Day" shall have the meaning set forth in Section 11(d) hereof.
- (y) "Voting Power" shall mean the voting power of all securities of the Company or other Person then outstanding generally entitled to vote for the election of directors of the Company or other Person.

SECTION 2. *Appointment of Rights Agent*

The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights (who, in accordance with Section 3 hereof, shall prior to the Distribution Date also be the holders of the Common Shares) in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable.

SECTION 3. *Issue of Right Certificates*

(a) Until the Distribution Date, (x) the Rights will be evidenced by the certificates for Common Shares registered in the names of the holders thereof and not by separate Right Certificates, and (y) the Rights (and the right to receive Right Certificates therefor) will be transferable only in connection with the transfer of the underlying Common Shares. As soon as practicable after the Distribution Date, the Company will prepare and execute, the Rights Agent will countersign, and the Company will send or cause to be sent (and the Rights Agent will, if requested, send) by first class, insured, postage prepaid mail, to each record holder of Common Shares as of the Close of Business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate, (a "Right Certificate"), evidencing one Right

for each Common Share so held. As of the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(b) On the Record Date, or as soon as practicable thereafter, the Company will send a copy of a Summary of Rights (the "Summary of Rights"), by first class, postage prepaid mail, to each record holder of Common Shares as of the Close of Business on the Record Date, at the address of such holder shown on the records of the Company. With respect to certificates for Common Shares outstanding as of the Record Date, until the Distribution Date (or earlier redemption, expiration, or termination of the Rights), the Rights will be evidenced by such certificates registered in the names of the holders thereof. Until the Distribution Date (or earlier redemption, expiration, exchange, or termination of the Rights), the surrender for transfer of any certificate for Common Shares outstanding on the Record Date, with or without a copy of the Summary of Rights attached thereto, shall also constitute the transfer of the Rights associated with the Common Shares represented thereby.

(c) Rights shall be issued in respect of all Common Shares that become outstanding (whether originally issued or from the Company's treasury or upon transfer or exchange) after the Record Date but prior to the earlier of the Distribution Date or the Final Expiration Date or, in certain circumstances provided in Section 22 hereof, after the Distribution Date. Certificates issued for Common Shares that shall become outstanding or shall be transferred or exchanged after the Record Date but prior to the earlier of the Distribution Date or the Final Expiration Date shall also be deemed to be certificates for Rights, and shall bear the following legend:

This certificate also evidences and entitles the holder hereof to certain rights as set forth in the Rights Agreement between Idaho General Mines, Inc. (the "Company") and Columbia Stock Transfer Company dated as of September 22, 2005 (as amended from time to time, the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Company will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of written request therefor. As described in the Rights Agreement, Rights issued to any Person who becomes an Acquiring Person (as defined in the Rights Agreement) shall become null and void.

With respect to such certificates containing the foregoing legend, until the Distribution Date, the Rights associated with the Common Shares represented by such certificates shall be evidenced by such certificates alone, and the surrender for transfer of any such certificate shall also constitute the transfer of the Rights associated with the Common Shares represented thereby. In the event that the Company purchases or acquires any Common Shares after the Record Date but prior to the Distribution Date, any Rights associated with such Common Shares shall be deemed canceled and retired so that the Company shall not be entitled to exercise any Rights associated with the Common Shares which are no longer outstanding.

SECTION 4. *Form of Right Certificates*

The Right Certificates (and the forms of election to purchase Common Shares and of assignment to be printed on the reverse thereof) and may have such marks of identification or

designation and such legends, summaries, or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or automated quotation system through which the Rights are quoted, or to conform to usage. Subject to the earlier redemption, exchange, or termination, the Right Certificates shall entitle the holders thereof to purchase such number of Common Shares as shall be set forth therein at the price per share set forth therein (the "Purchase Price"), but the number of such shares and the Purchase Price shall be subject to adjustment as provided herein.

SECTION 5. *Countersignature and Registration*

The Right Certificates shall be executed on behalf of the Company by its President, or any Vice President, either manually or by facsimile signature, shall have affixed thereto the Company's seal or a facsimile thereof, and shall be attested by the Secretary or an Assistant Secretary of the Company, either manually or by facsimile signature. The Right Certificates shall be manually countersigned by the Rights Agent and shall not be valid for any purpose unless countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the person who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Rights Agreement any such person was not such an officer.

Following the Distribution Date, the Rights Agent will keep or cause to be kept, at its principal office, books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the Rights evidenced on its face by each of the Right Certificates and the date of each of the Right Certificates.

SECTION 6. *Transfer, Split Up, Combination, and Exchange of Right Certificates; Mutilated, Destroyed, Lost, or Stolen Right Certificates*

(a) Subject to the provisions of Section 14 hereof, at any time after the Close of Business on the Distribution Date, and at or prior to the Close of Business on the earlier of the Redemption Date or the Final Expiration Date, any Right Certificate or Right Certificates (other than Right Certificates representing Rights that have become void pursuant to Section 11(a)(ii) hereof or that have been exchanged pursuant to Section 24 hereof) may be transferred, split up, combined, or exchanged for another Right Certificate or Right Certificates, entitling the registered holder to purchase a like number of Common Shares as the Right Certificate or Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine, or exchange any Right Certificate or Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined, or exchanged at the office of the Rights Agent

designated for such purpose. Thereupon the Rights Agent shall countersign and deliver to the person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination, or exchange of Right Certificates.

(b) Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction, or mutilation of a Right Certificate, and, in case of loss, theft, or destruction, of indemnity or security reasonably satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered holder in lieu of the Right Certificate so lost, stolen, destroyed, or mutilated.

SECTION 7. Exercise of Rights; Purchase Price; Expiration Date of Rights

(a) The registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein) in whole or part at any time after the Distribution Date upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the office of the Rights Agent designated for such purpose, together with payment of the Purchase Price for each Common Share (or such other number of shares or other securities or considerations) as to which the Rights are exercised, at or prior to the earliest of (i) the Close of Business on December 31, 2007 (the "Final Expiration Date"), (ii) the consummation of a transaction contemplated by Section 13(d) hereof, (iii) the time at which the Rights are redeemed as provided in Section 23 hereof (the "Redemption Date"), or (iv) the time at which such Rights are exchanged as provided in Section 24 hereof.

(b) The Purchase Price for each Common Share pursuant to the exercise of a Right shall initially be \$1.03, and shall be subject to adjustment from time to time as provided in Sections 11 and 13 hereof and shall be payable in lawful money of the United States of America in accordance with Paragraph (c) below.

(c) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase duly executed, accompanied by payment of the Purchase Price for the shares (or other securities or property) to be purchased and an amount equal to any applicable transfer tax required to be paid by the holder of such Right Certificate in accordance with Section 9 hereof by certified check, cashier's check, bank draft, or money order payable to the order of the Company, the Rights Agent shall thereupon, subject to Section 20), promptly (i)(A) requisition from any transfer agent of the Common Shares certificates for the number of Common Shares to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, or (B) requisition from the depositary agent depositary receipts representing such number of Common Shares as are to be purchased (in which case certificates for the Common Shares represented by such receipts shall be deposited by the transfer agent with the depositary agent) and the Company hereby directs the depositary agent to comply with such request, (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14 hereof, (iii) after receipt of such certificates or deposited receipts, cause the same to be delivered to or upon the order of the registered holder of

such Right Certificate, registered in such name or names as may be designated by such holder, and (iv) when appropriate, after receipt, deliver such cash to or upon the order of the registered holder of such Right Certificate.

(d) In case the registered holder of any Right Certificate shall exercise fewer than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Section 14 hereof.

(e) Notwithstanding anything in this Agreement to the contrary, if an Acquiring Person or an Associate or Affiliate of an Acquiring Person engages in or there occurs one or more of the transactions set forth in Section 13(a) on or after the time the Acquiring Person became such, then any Rights that are or were on or after the earlier of the Distribution Date or the Share Acquisition Date beneficially owned by an Acquiring Person or any Associate or Affiliate thereof shall become void with respect to the rights provided under Section 13(a) and any holder of such Rights shall thereafter have no right to exercise such Rights under the provisions of Section 13(a).

(f) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder upon the occurrence of any purported exercise as set forth in this Section 7 unless the certificate contained in the appropriate form of election to purchase set forth on the reverse side of the Right Certificate surrendered for such exercise shall have been properly completed and duly executed by the registered holder thereof and the Company shall have been provided with such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company shall reasonably request.

SECTION 8. Cancellation and Destruction of Right Certificates

All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination, or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Rights Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Right Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

SECTION 9. Reservation and Availability of Common Shares

The Company covenants and agrees that it shall take all action necessary to comply with Sections 11(a)(iv) and 24(c) hereof.

If the Common Shares (or other securities issuable upon the exercise of the Rights) are listed on any national securities exchange, the Company shall use its best efforts to cause, from and

after such time as the Rights become exercisable, all shares (or other securities) reserved for such issuance to be listed on such exchange upon official notice of issuance upon such exercise.

The Company covenants and agrees that it will take all such action as may be necessary to ensure that all Common Shares (and/or other securities) delivered upon exercise of Rights shall, at the time of delivery of the certificates for such shares or other securities (subject to payment of the Purchase Price), be duly and validly authorized and issued and, with respect to Common Shares or other securities, fully paid and nonassessable.

The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any Common Shares (or other securities delivered) upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Right Certificates to a person other than, or the issuance or delivery of certificates or depositary receipts for the Common Shares in a name other than that of, the registered holder of the Right (certificate evidencing Rights surrendered for exercise or to issue or to deliver any certificates or depositary receipts for Common Shares upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax is due.

The Company shall use its best efforts to (i) file, as soon as practicable following the Share Acquisition Date, a registration statement under the Act, with respect to the securities purchasable upon exercise of the Rights on an appropriate form, (ii) cause such registration statement to become effective as soon as practicable after such filing, and (iii) cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act and the rules and regulations thereunder) until the date of the expiration of the exercisability of the Rights provided by Section 11(a)(ii). The Company shall use its best efforts to cause such securities to be eligible for sale pursuant to the blue sky laws of the various states.

SECTION 10. *Common Shares Record Date*

Each person in whose name any certificate for Common Shares (or other securities) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares (or other securities) represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Shares (or other securities) transfer books of the Company are closed, such person shall be deemed to have become the record holder of such securities on, and such certificate shall be dated, the next succeeding Business Day on which such transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a holder of Common Shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

SECTION 11. *Adjustment of Purchase Price, Number of Shares, or Number of Rights*

The Purchase Price, the number of shares covered by each Right, and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a)(i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Common Shares payable in Common Shares, (B) subdivide the outstanding Common Shares, (C) combine the outstanding Common Shares into a smaller number of Common Shares, or (D) issue any shares of its capital stock in a reclassification of the Common Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a), the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination, or reclassification, and the number and kind of shares of capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Common Shares transfer books of the Company were open, he would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination, or reclassification. If an event occurs which would require an adjustment under both Section 11(a)(i) and Section 11(a)(ii), the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior, to any adjustment required pursuant to Section 11(a)(ii).

(ii)(A) Subject to Section 24 of this Agreement, in the event any Person shall become an Acquiring Person (other than through an acquisition described in subparagraph (iii) of this Paragraph (a)), then each holder of a Right shall, for a period of 60 days after the later of the occurrence of any such event and the effective date of an appropriate registration statement pursuant to Section 9 (plus any period during which the exercise of the Rights has been suspended pursuant to Section 11(a)(iv) or 24(c) hereof), have a right to receive, upon exercise thereof on and after the Distribution Date at the then current Purchase Price in accordance with the terms of this Agreement, such number of Common Shares of the Company as shall equal the result obtained by (x) multiplying the then current Purchase Price by the then number of Common Shares for which a Right is then exercisable and dividing that product by (y) fifty percent (50%) of the current market price per share of Common Shares (determined pursuant to Section 11(d)) on the date of the occurrence of the event set forth in this subparagraph (ii); provided, however, that if the transaction that would otherwise give rise to the foregoing adjustment is also subject to the provisions of Section 13 hereof, then only the provisions of Section 13 hereof shall apply and no adjustment shall be made pursuant to this Section 11(a)(ii). In the event that any Person shall become an Acquiring Person and the Rights shall then be outstanding, the Company shall not take any action which would eliminate or diminish the benefits intended to be afforded by the Rights, other than as specifically provided for herein.

(B) Notwithstanding anything in this Agreement to the contrary, from and after the time any Person becomes an Acquiring Person, any Rights beneficially owned by (i) such Acquiring Person or an Associate or Affiliate of such Acquiring Person, (ii) a transferee of such Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee after

the Acquiring Person became such, or (iii) a transferee of such Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Acquiring Person's becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from the Acquiring Person to holders of security or equity interests in such Acquiring Person, or to any Person with whom the Acquiring Person has any continuing agreement, arrangement, or understanding regarding the transferred Rights or (B) a transfer which the Continuing Directors have determined is part of a plan, arrangement, or understanding which has as a primary purpose or effect the avoidance of this Section 11(a)(ii), shall become null and void without any further action and no holder of such Rights shall have any rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The Company shall use all reasonable efforts to ensure that the provisions of this Section 11(a)(ii) are complied with, but shall have no liability to any holder of Right Certificates or other Person as a result of its failure to make any determinations with respect to an Acquiring Person or its Affiliates, Associates, or transferees hereunder. No Right Certificate shall be issued pursuant to Section 3 that represents Rights beneficially owned by an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof; no Right Certificate shall be issued at any time upon the transfer of any Rights to an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof or to any nominee of such Acquiring Person, Associate, or Affiliate; and any Right Certificate delivered to the Rights Agent for transfer to an Acquiring Person whose Rights would be void pursuant to the preceding sentence shall be canceled.

(iii) The right to buy Common Shares of the Company pursuant to subparagraph (ii) of this Paragraph (a) shall not arise as a result of any Person becoming an Acquiring Person through a purchase of Common Shares pursuant to a tender or exchange offer for all outstanding Common Shares made in the manner prescribed by Section 14(d) of the Exchange Act and the rules and regulations promulgated thereunder; provided, however, that such tender or exchange offer occurs at a time when Continuing Directors are in office and the Continuing Directors then in office have determined that the offer is in the best interest of the Company and its stockholders (such offer shall be hereinafter defined to be a "Permitted Offer").

(iv) In the event that there shall not be sufficient Common Shares authorized and available to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (ii), the Company shall either take such action as may be necessary to authorize additional Common Shares for issuance upon exercise of the Rights or alternatively, at the option of a majority of the Board of Directors, with respect to each Right: (A) pay cash in an amount equal to the excess of the Current Value (as defined below) over the Purchase Price, in lieu of issuing Common Shares and requiring payment therefor, or (B) issue debt or equity securities or a combination thereof, having a value equal to the Current Value of the Common Shares (as defined hereinafter), where the value of such securities shall be determined by a nationally recognized investment banking firm selected by the Board of Directors, and require the payment of the Purchase Price, or (C) deliver any combination of cash, property, Common Shares, and/or other securities having a value equal to the Current Value, and require payment of all or any requisite portions of the Purchase Price. The Current Value shall be the product of the current market price per share of Common Shares

(determined pursuant to Section 11(d) on the date of the occurrence of the event described above in subparagraph (ii)) multiplied by the number of Common Shares for which the Right otherwise would be exercisable if there were sufficient shares available. To the extent that the Company determines that some action need be taken pursuant to clauses (A), (B), or (C) of the proviso of this Section 11(a)(iv), the Board of Directors may temporarily suspend the exercisability of the Rights for a period of up to 60 days following the date on which the event described in Section 11(a)(ii) shall have occurred, in order to seek an authorization of additional Common Shares and/or to decide the appropriate form of distribution to be made pursuant to the above provision and to determine the value thereof. In the event of any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended.

(b) In case the Company shall fix a record date for the issuance of rights, options, or warrants to all holders of Common Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per Common Share (or having a conversion price per share, if a security convertible into Common Shares) less than the then current market price per share of the Common Shares (as defined in Section 11(d)) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such record date plus the number of Common Shares which the aggregate offering price of the total number of Common Shares to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price and the denominator of which shall be the number of Common Shares outstanding on such record date plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible); provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent. Common Shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect had such record date not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of the Common Shares (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than cash dividends that have been approved by the Board of Directors in amounts that do not exceed retained earnings of the Company or dividends payable in Common Shares) or subscription rights or warrants (excluding those referred to in Section 11(b)), the Purchase Price to be in effect after such record date shall be determined by subtracting from the Purchase Price in effect immediately prior to such record date the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a

statement filed with and binding on the Rights Agent) of the portion of the cash, assets, or evidences of indebtedness so to be distributed or of such subscription rights or warrants distributable in respect of one Common Share; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon exercise of one Right. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect had such record date not been fixed.

(d) For the purpose of any computation hereunder made by reference to this Section 11(d), the "current market price" per share of any security (a "Security" for the purpose of this Section 11(d)) on any date shall be deemed to be the average of the daily closing prices per share (or other trading unit) of such Security for the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that in the event that the current market price per share of the Security is determined during a period following the announcement by the issuer of such Security of: (A) a dividend or distribution on such Security payable in shares of such Security or securities convertible into such shares, or (B) any subdivision, combination, or reclassification of such Security, and prior to the expiration of 30 Trading Days after the exdividend date for such dividend or distribution, or the record date for such subdivision, combination, or reclassification, then, and in each such case, the current market price per share shall be appropriately adjusted to reflect the current market price per share equivalent of such Security. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Security is not listed or admitted to trading on the New York Stock exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Security is listed or admitted to trading or, if the Security is not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over the counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System (NASDAQ) or such other system then in use, or, if on any such date the Security is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Security selected by the Board of Directors. If on any such date no market maker is making a market in the Security, the fair value of such Security on such date as determined reasonably and with good faith by the Continuing Directors shall be used as the "current market price" and shall be binding on the Rights Agent. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the Security is listed or admitted to trading is open for the transaction of business or, if the Security is not listed or admitted to trading on any national securities exchange, a Business Day. If the Security is not publicly held or not so listed or traded, "current market price" per share shall mean the fair value per share determined reasonably and with good faith to the holders of Rights by the Continuing Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent.

(e) Anything herein to the contrary notwithstanding, no adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least one percent

(1%) in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one thousandth of a Common Share, other share, or security as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which requires such adjustment or (ii) the Final Expiration Date.

(f) If as a result of an adjustment made pursuant to Section 11(a), the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than Common Shares, thereafter the number of such other shares so receivable upon exercise of any Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in Section 11(a) through (c), inclusive, and the provisions of Sections 7, 9, 10, 13, and 14 with respect to the Common Shares shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase at the adjusted Purchase Price, the number of Common Shares purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Section 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of Common Shares (calculated to the nearest thousandth of a share) obtained by (i) multiplying (x) the number of Common Shares covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in substitution for any adjustment in the number of Common Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of Common Shares for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the amount of Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the

Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed, and countersigned in the manner provided for herein (and may bear, at the option of the Company, the adjusted Purchase Price) and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of Common Shares issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price and the number of Common Shares which were expressed in the initial Right Certificates issued hereunder.

(k) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date of the Common Shares and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the Common Shares and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(l) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it in its sole discretion shall determine to be advisable in order that any consolidation or subdivision of the Common Shares, issuance wholly for cash of any Common Shares at less than the current market price, issuance wholly for cash of Common Shares or securities which by their terms are convertible into or exchangeable for Common Shares, dividends on Common Shares payable in Common Shares or issuance of rights, options, or warrants referred to hereinabove in Section 11, hereafter made by the Company to holders of its Common Shares may not be taxable to such stockholders.

(m) Anything in this Agreement to the contrary notwithstanding, in the event that the Company shall at any time after the date of this Agreement and prior to the Distribution Date (i) declare or pay any dividend on the Common Shares payable in Common Shares, (ii) subdivide the outstanding Common Shares, (iii) combine the outstanding Common Shares into a smaller number of shares, or (iv) issue any shares of its capital stock in a reclassification of the outstanding Common Shares, or issued or delivered thereafter but prior to the Distribution Date, the number of Rights associated with each Common Share then outstanding shall be proportionately adjusted so that the number of Rights thereafter associated with each share of Common Shares following any such event shall equal the result obtained by multiplying the number of Rights associated with each share of Common Shares immediately prior to such event by a fraction the numerator of which shall be the total number of Common Shares outstanding immediately prior to the occurrence of the event and the denominator of which shall be the total number of Common Shares outstanding immediately following the occurrence of such event.

SECTION 12. *Certificate of Adjusted Purchase Price or Number of Shares*

Whenever an adjustment is made as provided in Sections 11 and 13 hereof, the Company shall promptly (a) prepare a certificate setting forth such adjustment, and a brief statement of the facts accounting for such adjustment, (b) file with the Rights Agent and with each transfer agent for the Common Shares a copy of such certificate, and (c) mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 25 hereof. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained and shall not be deemed to have knowledge of any such adjustment unless and until it shall have received such certificate.

SECTION 13. *Consolidation, Merger or Sale, or Transfer of Assets or Earning Power*

(a) In the event that, following the Share Acquisition Date, directly or indirectly, (x) the Company shall consolidate with, or merge with and into, any other Person, (y) any Person shall consolidate with the Company, or merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger (other than, in the case of either transaction described in (x) or (y), a merger or consolidation which would result in all of the Voting Power represented by the securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into securities of the surviving entity) all of the Voting Power represented by the securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and the holders of such securities not having changed as a result of such merger or consolidation), or (z) the Company shall sell, mortgage, or otherwise transfer (or one or more of its Subsidiaries shall sell, mortgage, or otherwise transfer), in one or more transactions, assets, or earning power aggregating more than fifty percent (50%) of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person, then, and in each such case, proper provision shall have been made pursuant to subsection (e) below so that (i) following the Distribution Date, each holder of a Right, subject to Section 7(e), shall have the right to receive, upon the exercise thereof at the then current Purchase Price in accordance with the terms of this Agreement, such number of shares of freely tradable Common Shares of the Principal Party (as hereinafter defined), free and clear of liens, rights of call or first refusal, encumbrances or other adverse claims, as shall be equal to the result obtained by (1) multiplying the then current Purchase Price by the number of Common Shares for which a Right is then exercisable (without taking into account any adjustment previously made pursuant to Section 11(a)(ii) hereof) and dividing that product by (2) fifty percent (50%) of the current market price per share of the Common Shares of such Principal Party (determined pursuant to Section 11(d) hereof) on the date of consummation of such consolidation, merger, sale, or transfer; (ii) such Principal Party shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale, or transfer, all of the obligations and duties of the Company pursuant to this Agreement; (iii) the term "Company" shall thereafter be deemed to refer to such Principal Party, it being specifically intended that the provisions of Section 11 hereof shall apply to such Principal Party; and (iv) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of shares of its Common Shares in accordance with Section 9 hereof) in connection with such consummation as may be necessary to assure that the provisions hereof

shall thereafter be applicable, as nearly as reasonably may be, in relation to its Common Shares thereafter deliverable upon the exercise of the Rights.

(b) "Principal Party" shall mean:

(i) in the case of any transaction described in (x) or (y) of the first sentence of Section 13(a), the Person that is the issuer of any securities into which Common Shares of the Company are converted in such merger or consolidation, and if no securities are so issued, the Person that is the other party to the merger or consolidation (including, if applicable, the Company if it is the surviving corporation); and

(ii) in the case of any transaction described in (z) of the first sentence in Section 13(a), the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions; provided, however, that in any such case (1) if the Common Shares of such Person are not at such time and have not been continuously over the preceding twelve-month period registered under Section 12 of the Exchange Act, and such Person is a direct or indirect Subsidiary or Affiliate of another Person the Common Shares of which are and have been so registered, "Principal Party" shall refer to such other Person; (2) in case such Person is a Subsidiary, directly or indirectly, or Affiliate of more than one Person, the Common Shares of two or more of which are and have been so registered, "Principal Party" shall refer to whichever of such Persons is the issuer of the Common Shares having the greatest aggregate market value; and (3) in case such Person is owned, directly or indirectly, by a joint venture or similar arrangement formed by two or more Persons that are not owned, directly or indirectly, by the same Person, the rules set forth in (1) and (2) above shall apply to each of the chains of ownership having an interest in such joint venture as if such party were a "Subsidiary" of both or all of such joint venturers and the Principal Parties in each such chain shall bear the obligations set forth in this Section 13 in the same ratio as their direct or indirect interests in such Person bear to the total of such interests.

(c) The Company shall not consummate any such consolidation, merger, sale, or transfer unless the Principal Party shall have a sufficient number of authorized shares of its Common Shares that have not been issued or reserved for issuance to permit the exercise in full of the Rights in accordance with this Section 13 and unless prior thereto the Company and each Principal Party and each other Person who may become a Principal Party as a result of such consolidation, merger, sale, or transfer shall have executed and delivered to the Rights Agent a supplemental agreement providing for the terms set forth in Paragraphs (a) and (b) of this Section 13 and further providing that, as soon as practicable after the date of any consolidation, merger, sale, or transfer of assets mentioned in Paragraph (a) of this Section 13, the Principal Party at its own expense will

(i) prepare and file a registration statement under the Act with respect to the sale of the securities purchasable upon exercise of the Rights on an appropriate form, will use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and will use its best efforts to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the Final Expiration Date;

(ii) use its best efforts to qualify or register the sale of the securities purchasable upon exercise of the Rights under the blue sky laws of such jurisdictions as may be necessary or appropriate; and

(iii) deliver to holders of the Rights historical financial statements for the Principal Party and each of its Affiliates which comply in all material respects with the requirements for registration on Form 10 under the Exchange Act.

(d) Notwithstanding anything in this Agreement to the contrary, Section 13 shall not be applicable to a transaction described in Subparagraphs (x) and (y) of Section 13(a) if (i) such transaction is consummated with a Person or Persons who acquired Common Shares pursuant to a Permitted Offer (or a wholly-owned Subsidiary of any such Person or Persons), (ii) the price per share of Common Shares offered in such transaction is not less than the price per share of Common Shares paid to all holders of Common Shares whose shares were purchased pursuant to such Permitted Offer, and (iii) the form of consideration being offered to the remaining holders of Common Shares pursuant to such transaction is the same as the form of consideration paid pursuant to such Permitted Offer. Upon consummation of any such transaction contemplated by this subsection (d), all Rights hereunder shall expire.

(e) After the Share Acquisition Date, the Company covenants and agrees that it shall not (i) consolidate with, (ii) merge with or into, or (iii) sell or transfer to, in one or more transactions, assets, or earning power aggregating more than fifty percent (50%) of the assets or earning power of the Company and its Subsidiaries taken as a whole, any other Person, if at the time of or after such consolidation, merger, or sale there are any Charter or Bylaw provisions or any rights, warrants, or other instruments or securities outstanding, agreements in effect, or any other action taken which would diminish or otherwise eliminate the benefits intended to be afforded by the Rights. The Company shall not consummate any such consolidation, merger, or sale unless prior thereto the Company and such other Person shall have executed and delivered to the Rights Agent a supplemental instrument representing and warranting compliance with this subsection.

(f) The Company covenants and agrees that, after the Share Acquisition Date, it will not, except as permitted by Sections 23, 24, or 27 hereof, take any action the purpose or effect of which is to diminish or otherwise eliminate the benefits intended to be afforded by the Rights.

(g) The provisions of this Section 13 shall similarly apply to successive mergers or consolidations or sales or other transfers.

SECTION 14. *Fractional Rights and Fractional Shares*

(a) The Company shall not be required to issue fractions of Rights, except prior to the Distribution Date as provided in Section 11(m) or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction

reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over the counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights, selected by the Continuing Directors. If on any such date no such market maker is making a market in the Rights, the fair value of the Rights on such date as determined in good faith by the Continuing Directors shall be used.

(b) The Company shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of fractional Common Shares, the Company may pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one Common Share. For purposes of this Section 14(b), the current market value of a Common Share shall be the closing price of a Common Share (as determined pursuant to the second sentence of Section 11(d) hereof) for the Trading Day immediately prior to the date of such exercise.

(c) The holder of a Right by the acceptance of the Right expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided above).

SECTION 15. *Rights of Action*

All rights of action in respect of this Agreement, except those rights of action vested in the Rights Agent, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Shares); and any registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Shares), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Shares), may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action, or proceeding against the Company to enforce or otherwise act in respect of, his right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Agreement; provided, that any such suit alleging that a modification to this Agreement was contrary to the terms hereof must be brought within six (6) months after any publication by the Company of such modification. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement. Holders of Rights shall be entitled to recover the reasonable costs and expenses, including attorneys' fees, incurred by them in any good faith action to enforce the provisions of this Agreement.

SECTION 16. *Agreement of Right Holders*

Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Shares;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the office of the Rights Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer; and

(c) the Company and the Rights Agent may deem and treat the person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Shares certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the associated Common Shares certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

SECTION 17. *Right Certificate Holder Not Deemed a Stockholder*

No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends, or be deemed for any purpose the holder of the Common Shares or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25 hereof), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

SECTION 18. *Concerning the Rights Agent*

(a) The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith, or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability in the premises.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered, or omitted by it in connection with its administration of this Agreement in reliance upon any Right Certificate or certificate for the Common Shares or for other securities of

the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons, or otherwise upon the advice of counsel as set forth in Section 20 hereof.

SECTION 19. *Merger or Consolidation or Change of Name of Rights Agent*

(a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the stock transfer or corporate trust business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

SECTION 20. *Duties of Rights Agent*

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter (including without limitation the identity of any Acquiring Person or Affiliate or Associate thereof and determination of the "current market price") be proved or established by the Company prior to taking or suffering any action

hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, President, any Vice President, the Treasurer, or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own negligence, bad faith, or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 11(a)(ii) hereof) or any adjustment in the terms of the Rights (including the manner, method, or amount thereof) provided for in Sections 3, 11, 13, 23, or 24, or the ascertainment of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice that such change or adjustment is required); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Common Shares to be issued pursuant to this Agreement or any Right Certificate or as to whether any Common Shares will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge, and deliver or cause to be performed, executed, acknowledged, and delivered all such further and other acts, instruments, and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, President, any Vice President, the Secretary, or the Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such officer or for any delay in acting while waiting for those instructions. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Rights Agreement and the date on and/or after which such action shall be taken or such omission shall be effective. The Rights Agent shall not be liable for any action taken by, or omission of, the Rights Agent in accordance with a proposal included in any such application on or after the date specified in such application (which date shall not be less than five Business Days after the date any such officer of the Company actually receives such application, unless any such officer shall have consented in writing to an earlier date) unless, prior to taking any such action (or the

effective date in the case of an omission), the Rights Agent shall have received written instructions in response to such application specifying the action to be taken or omitted.

(h) The Rights Agent and any stockholder, director, officer, or employee of the Rights Agent may buy, sell, or deal in any of the Rights or other Securities of the Company or become interested in any transaction in which the Company may be interested, or contract with or lend money to the Company, or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect, or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect, or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) If, with respect to any Right Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has either not been completed or indicates an affirmative response to clause 1 and/or 2 thereof, the Rights Agent shall not take any further action with respect to such requested exercise of transfer without first consulting with the Company.

SECTION 21. *Change of Rights Agent*

The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Shares by registered or certified mail, and to the holders of the Right Certificates by first class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Shares by registered or certified mail, and to the holders of the Right Certificates by first class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall with such notice, submit his Right Certificate for inspection by the Company), then the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of any state of the United States, which is authorized under such laws and the laws of the State of Idaho to exercise corporate trust or

stock transfer powers, satisfies all applicable requirements of any national exchange on which the Common Shares or Rights are listed, and is subject to supervision or examination by federal or state authority. After appointment the Rights Agent shall be vested with the same powers, duties, and responsibilities as if it had been named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to successor Rights Agent any property at the time held hereunder, and execute and deliver any further assurance, conveyance, act, or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares, and mail a notice in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

SECTION 22. *Issuance of New Right Certificates*

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement.

In addition, in connection with the issuance or sale of Common Shares of Stock following the Distribution Date and prior to the redemption or expiration of the Rights, the Company (a) shall, with respect to Common Shares so issued or sold pursuant to the exercise of stock options or under any employee plan or arrangement, or upon the exercise, conversion, or exchange of securities hereafter issued by the Company, and (b) may, in any other case, if deemed necessary or appropriate by the Board of Directors of the Company, issue Right Certificates representing the appropriate number of Rights in connection with such issuance or sale; provided, however, that (ii) no such Right Certificates shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Persons to whom such Right Certificate would be issued, and (ii) no such Right Certificate shall be issued if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

SECTION 23. *Redemption*

(a) The Rights may be redeemed by action of the Board of Directors pursuant to subsection (b) of this Section 23 and shall not be redeemed in any other manner.

(b) The Board of Directors of the Company may, at its option, at any time prior to the earlier of (i) the Close of Business on the tenth day after the Distribution Date (or, if the Distribution Date shall have occurred prior to the Record Date, the Close of Business on the tenth day following the Record Date), or (ii) the Final Expiration Date, redeem all but not less than all of the then outstanding Rights at a redemption price of \$.001 per Right, as such amount may be appropriately adjusted to reflect any stock split, stock dividend, or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"), and the Company may, at its option, pay the Redemption Price in Common Shares

(based on the "current market value," as defined in Section ii (d) hereof, of the Common Shares at the time of redemption), cash, or any other form of consideration deemed appropriate by the Board of Directors.

(c) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights pursuant to subsection (b) of this Section 23, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption; provided, however, that the failure to give, or any defect in, any such notice shall not affect the validity of such redemption. Within 10 days after such action of the Board of Directors ordering the redemption of the Rights pursuant to subsection (b), the Company shall mail a notice of redemption to all the holders of the then outstanding Rights at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the Transfer Agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made.

(d) The Company may, at its option, discharge all of its obligations with respect to the Rights by (i) issuing a press release announcing the manner of redemption of the Rights and (ii) mailing payment of the Redemption Price to the registered holders of the Rights at their last addresses as they appear on the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the Transfer Agent of the Common Shares, and upon such action, all outstanding Right Certificates shall be null and void without any further action by the Company.

SECTION 24. *Exchange*

(a) Subject to subsection (c) below, the Company may, at its option, by majority vote of the Board of Directors, at anytime after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 11(a)(ii) hereof) for Common Shares at an exchange ratio of one Common Share per Right, appropriately adjusted to reflect any stock split, stock dividend, or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors shall not be empowered to effect such exchange at any time after any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or any such Subsidiary, or any entity holding Common Shares for or pursuant to the terms of any such plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of fifty percent (50%) or more of the Common Shares then outstanding.

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to subsection (a) of this Section 24 (such date, the "Exchange Date") and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of Common Shares equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company promptly shall mail a notice of any such exchange to all

of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the Common Shares for Rights will be affected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 11(a)(ii) hereof) held by each holder of Rights.

(c) In the event that there shall not be sufficient Common Shares authorized and available to permit any exchange of Rights as contemplated in accordance with this Section 24, the Company shall either take such action as may be necessary to authorize additional Common Shares for issuance upon exchange of the Rights or alternatively, at the option of a majority of the Board of Directors, with respect to each Right (A) pay cash in an amount equal to the excess of (x) the Current Value (as defined below) of the Common Shares issuable upon exercise of one Right, over (y) the Purchase Price, in lieu of issuing Common Shares in exchange therefor, or (B) issue debt or equity securities or a combination thereof, having a value equal to the Current Value of the Common Shares (as defined hereinafter) exchangeable for each such Right, where the value of such securities shall be determined by a nationally recognized investment banking firm selected by the Board of Directors by majority vote of the Board of Directors, or (C) deliver any combination of cash, property, Common Shares, and/or other securities having a value equal to the excess of the Current Value over the Purchase Price in exchange for each Right. The Current Value shall be the product of the current market price per share of Common Shares (determined pursuant to Section 11(d) on the date of the occurrence of the event described above in subparagraph (a)) multiplied by the number of Common Shares for which the Right otherwise would be exchangeable if there were sufficient shares available. To the extent that the Company determines that some action need be taken pursuant to clauses (A), (B), or (C) of the provision of this Section 24(c), the Board of Directors may by majority vote of the Board of Directors temporarily suspend the exercisability of the Rights for a period of up to 60 days following the date on which the event described in Section 24(a) shall have occurred, in order to seek any authorization of additional Common Shares and/or to decide the appropriate form of distribution to be made pursuant to the above provision and to determine the value thereof. In the event of any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended.

(d) The Company shall not be required to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of such fractional Common Shares, there shall be paid to the registered holders of the Right Certificates with regard to which such fractional Common Shares would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Common Share. For the purposes of this subsection (d), the current market value of a whole Common Share shall be the closing price of a Common Share (as determined pursuant to the second sentence of Section 11(d) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

SECTION 25. Notice of Proposed Extraordinary Actions

(a) In case the Company shall propose (ii) to pay any dividend payable in stock of any class to the holders of its Common Shares or to make any other distribution to the holders of its Common

Shares (other than a regular quarterly cash dividend out of earnings or retained earnings of the Company), (ii) to offer to the holders of its Common Shares rights or warrants to subscribe for or to purchase any additional Common Shares or shares of stock of any class or any other securities, rights, or options, (iii) to effect any reclassification of its Common Shares (other than a reclassification involving only the subdivision of outstanding Common Shares), (iv) to effect any consolidation or merger into or with, or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of fifty percent (50%) of more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person, or (v) to effect the liquidation, dissolution, or winding up of the Company, then, in each such case, the Company shall give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the ~~record date for the purposes of such stock dividend, or distribution of rights or warrants, or the~~ date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the Common Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (ii) or (ii) above at least 20 days prior to the record date for determining holders of the Common Shares for purposes of such action, and in the case of any such other action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Common Shares, whichever shall be the earlier.

(b) In case any event set forth in Section 11(a)(ii) of this Agreement shall occur, then the Company shall as soon as practicable thereafter give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of the occurrence of such event, which notice shall describe the event and the consequences of the event to holders of Rights under Section 11(a)(ii) hereof.

SECTION 26. *Notices*

Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if delivered or if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Mr. Robert L. Russell, President
Idaho General Mines, Inc.
10 N. Post Street, Ste. 610
Spokane, Wahsington 99201

Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if delivered or if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

Michelle King, President
Columbia Stock Transfer Company
Sherman Arms Commercial Center
410 Sherman Avenue, Suite 207
Coeur d'Alene, Idaho 83814

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

SECTION 27. *Supplements and Amendments*

The Company may from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein or to make any other provisions which the Company may deem necessary or desirable and which shall be consistent with, and for the purpose of fulfilling the objectives of the Board of Directors in adopting this Agreement, any such supplement or amendment to be evidenced by a writing signed by the Company and the Rights Agent; provided, however, that from and after such time as any Person becomes an Acquiring Person, this Agreement shall not be amended in any manner which would adversely affect the interests of the holders of Rights. Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 27, the Rights Agent shall execute such supplement or amendment unless the Rights Agent shall have determined in good faith that such supplement or amendment would adversely affect its interests under this Agreement. Prior to the Distribution Date, the interests of the holders of Rights shall be deemed coincident with the interests of the holders of Common Shares for all purposes hereunder.

SECTION 28. (i) Determination and Actions by the Board of Directors, Etc.

For all purposes of this Agreement, any calculation of the number of Common Shares outstanding at any particular time, including for purposes of determining the particular percentage of such outstanding Common Shares or any other securities of which any Person is the Beneficial Owner, shall be made in accordance with the last sentence of Rule 13d-3(d)(1)(ii) of the General Rules and Regulations under the Exchange Act as in effect on the date of this Agreement. The Continuing Directors of the Company shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board, or the Company, or as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Agreement, and (ii) make all determinations deemed necessary or advisable for the administration of this Agreement (including a determination to redeem or not redeem the Rights or to amend the Agreement). All such actions, calculations, interpretations, and determinations (including, for purposes of clause (y) below, all omissions with respect to the foregoing) which

are done or made by the Board in good faith, shall (x) be final, conclusive, and binding on the Company, the Rights Agent, the holders of the Right Certificates and all other parties, and (y) not subject the Board to any liability to the holders of the Rights.

SECTION 29. *Successors*

All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of the irrelative successors and assigns hereunder.

SECTION 30. *Benefits of This Agreement*

Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares).

SECTION 31. *Severability*

If any term, provision, covenant, or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, or unenforceable, the remainder of the terms, provisions, covenants, and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired, or invalidated; provided, however, that notwithstanding anything in this Agreement to the contrary, if any such term, provision, covenant, or restriction is held by such court or authority to be invalid, void, or unenforceable and the Board of Directors of the Company determines in its good faith judgment that severing the invalid language from this Agreement would adversely affect the purposes or effect of this Agreement, the right of redemption set forth in Section 23 hereof shall be reinstated and shall not expire until the close of business on the tenth day following the date of such determination by the Board of Directors.

SECTION 32. *Governing Law*

This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Idaho and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State.

SECTION 33. *Counterparts*

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 34. *Descriptive Headings*

Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and attested, all as of the day and year first above written.

COMPANY:

IDAHO GENERAL MINES, INC.,
an Idaho corporation

By: 

Robert L. Russell
President

22 Sept 2005

RIGHTS AGENT:

COLUMBIA STOCK TRANSFER COMPANY,
an Idaho corporation

By: 

Michelle King
President

OPTION TO PURCHASE AGREEMENT

THIS AGREEMENT entered into this 14th day of February, 2005, by and between High Desert Winds, LLC, a Nevada limited liability company, of 2152 Reno Highway, Suite A, Fallon, Nevada, 86406, (hereinafter referred to as "Optionor") and Idaho General Mines, Inc., an Idaho corporation, of N. 10 Post Street, Suite 610, Spokane, Washington, 99201 (hereinafter referred to as "Optionee").

RECITALS

WHEREAS, Optionor is the owner of certain real and personal property more particularly described below; and

WHEREAS, Optionee desires to obtain an Option to Purchase said property;

WHEREAS, Optionee needs a six to nine month period of due diligence to determine whether the property is suitable for the use of producing alternative energy or its highest and best use;

NOW THEREFORE, far and in consideration of the sum of Fifty Thousand Dollars (\$50,000.00), receipt of which is hereby acknowledged and pursuant to that certain Letter Agreement entered into between the parties on February 4, 2005 and the covenants and conditions contained herein and other good and valuable consideration, the receipt of which are hereby acknowledged, the parties agree as follows:

WITNESSETH

1. Description of Premises: For and in consideration of the sums to be paid in the amounts and in the manner hereinafter set forth, and the covenants and conditions to be kept and performed by Optionee, Optionor does hereby grant to Optionee an irrevocable and exclusive Option to purchase (hereinafter the "Option"), the following described real and personal property, including all fixtures, rights, mining data, intellectual property applicable to the property, privileges, improvements and appurtenances thereto, if any, in Optionor's possession, mineral rights, and water rights, to wit:

See Exhibits "1" and "2" attached hereto and by this reference incorporated herein and made a part hereof.

(a) In addition, Optionor is in possession of twenty-eight (28) unpatented mining claims which are included in the sale and are identified in Exhibit "3" attached hereto and incorporated herein by reference.

2. Option Terms: This Option shall be in effect for six (6) months from February 4, 2005. Optionee shall also be entitled one three (3) month extension of this Option provided Optionee pays an additional sum of Fifty Thousand Dollars (\$50,000.00) to Optionor for said extension. Either Option may be exercised at any time by Optionee during the respective Option term. Optionee shall provide Optionor at least sixty (60) days written notice of intent to exercise either Option before the end of the Option term. The Closing date shall be mutually agreed upon by the parties and thereafter shall not be changed unless done so in writing, signed by all parties. In any event, the Closing date shall occur within the nine (9) month due diligence/Option period and no later than 5:00 p.m. PST on August 4, 2005 or November 4, 2005, as the case may be. Upon Optionee's providing written notice of exercising either Option, the purchase documents necessary to effectuate this transaction shall be forwarded and deposited with the closing agent in a timely fashion for closing on the agreed upon date.

3. Optionee agrees, within forty five (45) days of the execution of this Option to provide to Optionor an asset purchase agreement to be entered into at closing upon Optionee's exercise of this Option. In case of need for an extension of this deadline, approval by Optionor shall not be unreasonably withheld. The parties further agree that the fact a fully negotiated and agreed upon asset purchase agreement is not attached hereto does not render this Option or the agreements set forth herein unenforceable.

(a) Optionee agrees during the due diligence/Option term and/or until the Equatorial Tonopah, Inc., bond is released by the Nevada Department of Environmental Protection (NDEP) and/or the Bureau of Land Management (BLM) or Optionee has assumed liability under the bond, that it will not seek a reclassification or change in use or classification of the property from its present use/classification. Further, Optionee agrees it will not contact NDEP, BLM or Equatorial Tonopah, Inc., seeking or suggesting such a change.

(b) After passage of the time period set forth in 3.a) above or the events cited therein occur, the Optionee may deem it necessary or appropriate to seek a different use and/or taxing classification or zoning for the Premises. If Optionee proceeds with the filing of any such application with Federal, State or local authorities regarding the Premises, Optionor agrees to cooperate with Optionee and, if requested, consent and/or concur in said application and not, directly or indirectly, oppose the same. This provision shall survive closing.

(c) Upon execution of this Option, Optionor shall provide Optionee (for it to copy at its own expense) all data and information in its possession, control, and/or ownership with respect to the Premises and the wind and hydrothermal potential and any other data concerning the Premises to the extent Optionor is legally and contractually entitled to disclose such data and information. Optionee acknowledges and agrees that Optionor makes no representation or warranty as to the accuracy, reliability or completeness of any such data or information, and Optionee shall rely on the same at its sole risk.

4. Option Consideration: The agreed consideration for this Option is Fifty Thousand Dollars (\$50,000.00), all of which has been paid by the Optionee and is nonrefundable if Optionee does not exercise this Option. The consideration for the extension, Fifty Thousand Dollars (\$50,000.00) is also nonrefundable if the Option is not exercised. Optionee

acknowledges and agrees it is reasonable that said sums are nonrefundable. If either Option is exercised, only the Option consideration paid for the first option shall be applied to the Purchase Price.

A. At the time Optionee provides Notice of its intent to exercise this Option, Optionee shall pay an additional One Hundred Thousand Dollars (\$100,000.00). If Optionee fails to close the transaction, said sum shall be non-refundable as and for liquidated damages to Optionor. If the transaction is closed, the One Hundred Thousand Dollars (\$100,000.00) paid at the time of delivery of the Notice of intent to exercise the Option shall be applied to the purchase price.

B. If Optionee properly and timely exercises this Option, including any extension hereof, and Optionor refuses or fails to promptly and timely execute an asset purchase agreement and/or any other documents required therein and fails to convey the property as provided herein, Optionee may seek specific performance of this Option. In addition, Optionee may seek any and all other alternative remedies which may be available to it in law and or equity.

5. Effective Date: This Agreement is in full force and effect upon execution by both parties and the effective date hereof is February 4, 2005. A Memorandum of Agreement in the form attached hereto as Exhibit "4" shall be recorded in the Records of Nye County, Nevada evidencing this Option.

6. Purchase Price: The Purchase Price for the Premises described above, if the Option is exercised, is the sum of FIVE MILLION DOLLARS (\$5,000,000.00), payable in full at the time of closing.

A. Optionor represents and warrants the premises are not subject to any liens, encumbrances, debts or mortgages and that Optionor has clear and marketable title to the Premises and all assets the subject of this Option. During the Option term, Optionor shall not encumber, lien or permit any liens or encumbrances to attach to the premises.

7. Title Insurance: Optionor shall furnish a Preliminary Title Report from a reputable title insurance company within thirty (30) days of the date of execution of this Option, evidencing marketable title to said property in fee simple, subject to printed exceptions and easements and covenants of record. The parties shall equally split the cost of said report and pay their share of the cost upon presentment of the report bill.

A. The Optionee shall examine said report and advise the Optionor in writing, signed by Optionee or its attorney, specifying in detail, the objections, if any; Optionee makes to the title. Said objections all be made to the Optionor within twenty one (21) days of receipt of the report or the right to so object shall be considered waived.

B. It is further understood and agreed that if, for any reason, the Optionor shall fail to so furnish said report within thirty (30) days, or are unable to meet the Optionee's objections as indicated in the aforementioned letter, then the Optionee shall have the option to

declare this Agreement null and void or Optionee can elect to waive the objections and proceed with the purchase. If the Optionee has no objections or waives its objections, the Optionor shall, within fifteen (15) days cause a supplemental policy to be issued pending the closing of this transaction. At closing, a Title Insurance Policy shall be delivered to Optionee.

C. And furthermore, the Optionor shall be allowed thirty (30) days in which to commence action to cure any such defects in the title and the Optionor hereby agrees that said defect or defects shall be made good and the title perfected as soon as reasonably possible at Optionor's own expense.

D. Optionee acknowledges it has been provided notice of that certain non-participating production royalty equal to twelve percent (12%) of Net Smelter Returns (NSR) held by Equatorial Tonopah, Inc. and Tonopah CTMC, Inc. which NSR is applicable to the real property set forth in Exhibits "1" and "2", respectively.

8. Closing: Upon exercising this Option, closing shall take place at a reputable title company in Fallon, Nevada, to be designated by Optionor, after consultation with Optionee.

A. **Closing Costs**: Closing costs, including but not limited to county transfer tax and title insurance and shall be paid one-half (1/2) by the Optionee and one-half (1/2) by the Optionor.

B. **Other Documents**: The parties hereto agree to execute the usual, customary and necessary documents to effectuate and complete the transaction herein described.

C. **Taxes**: Real property taxes and assessments, including assessments for the unpatented mining claims, identified in Exhibit "3" shall be prorated to the date of closing.

9. Representation of Attorney:

A. It is understood that both parties have retained attorneys of their own choosing and each party shall bear their own attorney fees.

10. Brokerage and Finder's Fees, Indemnity: That parties acknowledge Lee Hutchens and his spouse are real estate brokers, however, neither are or have been acting in that capacity in this transaction. There is no real estate broker involved in this transaction and no commissions or finder's fees are due any third parties. Optionor has disclosed it previously retained Carlson and Associates of Las Vegas, Nevada to market the property for alternative energy development. Optionor warrants no fees are due Carlson in connection with this transaction. Optionee warrants it and its employees, representatives and directors have had no contact or dealings with Carlson and Associates regarding this transaction. In the event that any claim is asserted for a commission or finder's fee with respect to this Option Agreement or the transaction contemplated hereby, Optionor shall defend, indemnify and hold harmless Optionee from and against any losses with respect thereto.

11. Time is of the Essence: Time shall be of the essence of this Agreement.

12. Attorney Fees to Prevailing Party: Should any suit be instituted by either party to seek enforcement of this Agreement, the prevailing party shall be entitled to receive from the losing party, a reasonable amount of attorney fees to be fixed by the court having jurisdiction thereof and taxed as costs in such suit.

13. Notices.

(a) All Notices and other communication required by this Option shall be in writing and shall be addressed respectively as follows:

Optionor: High Desert Winds, LLC
2152 Reno Highway, Suite A
Fallon, NV 89406
c/o Lee Hutchens

Copy to: Ryan T. Campbell, Esq.
427 Ridge Street, Suite B
Reno, NV 89501

Optionee: Idaho General Mines, Inc.
N. 10 Post Street, Suite 610
Spokane, WA 99201

All notices shall be given by either (a) personal delivery to the party, (b) electronic communication, with confirmation of transmission, (c) registered or certified mail returned receipt requested, or (d) commercial carrier. All notice shall be effective and shall be deemed delivered (i) if by personal delivery, on the date of delivery if delivered during normal business hours and, if not delivered during normal business hours, on the next business day following delivery, and (ii) if by electronic communication, by mail, or by commercial carrier, on the next business day after actual receipt. A party may change its address by providing notice to the other party.

14. Confidentiality, Cooperation, Press Releases: The parties shall keep confidential any and all information in its possession or control relating to this Agreement, except to the extent any such information may be generally available to the public, obtained from independent sources or as required by law or judicial order or decree or by any governmental agency or authority or as either party deems appropriate to administer or enforce the Agreement. The parties shall also cooperate with each other in the preparation of any press releases or other public disclosures in connection with the transactions contemplated by this Option Agreement. Except as in the opinion of counsel as may be required by law or stock exchange rule, prior to the exercise of this Option, no party will, without prior consultation with the other, make any press release or announcement to any third party concerning this Agreement or the transactions contemplated hereby.

15. Entire Agreement: This Agreement and the Letter Agreement constitute and represent the entire agreement between the parties and there are no other agreements, written or oral. All other prior understandings and agreements have been merged and incorporated into this Agreement.

16. Additions, Alterations or Modifications: Any additions, alterations or modifications to this Agreement shall be in writing and no oral agreement shall be effective.

17. Non-Assignment: Neither party may assign this Option without the written notice and consent of the other party, and any attempted assignment without notice and consent of the Optionor shall not vest any right in the assignee. The parties agree consent will not be unreasonably withheld.

18. Optionor and Optionee both represent and warrant that each has the requisite authority and power to enter into this Option.

19. Inurement: The provisions, covenants and conditions of this Option shall be binding upon and inure to the benefit of the heirs and representatives of the parties.

20. Counterparts, Facsimile: This Agreement may be executed in one or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument. This Agreement and any counterpart thereof may be executed by facsimile and when delivered shall be deemed to be an original.

21. Right of Entry: During the due diligence/Option period, Optionee may enter the property only with the written permission of Optionor.

22. Governing Law. The law of the State of Nevada will govern all questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

Optionor: High Desert Winds, LLC

Optionee: Idaho General Mines, Inc.

By: /s/ Lee Hutchens
Printed Name: Lee Hutchens
Title: President

By: /s/ Robert L. Russell
Printed Name: Robert L. Russell
Title: President

By: /s/ Dick Reason
Printed Name: Dick Reason
Title: Vice President

By: /s/ Michael K. Branstetter
Printed Name: Michael K. Branstetter
Title: Secretary

ADDENDUM TO OPTION TO PURCHASE AGREEMENT

This Addendum to the Option to Purchase Agreement entered into on the 14th day of February, 2005 is hereby entered into this 15th day of June, 2005 by and between High Desert Winds, LLC a Nevada limited liability company whose address is 2152 Reno Highway, Suite A, Fallon, Nevada 89406 (Optionor), and Idaho General Mines, Inc., and Idaho corporation whose address is N. 10 Post Street, Suite 610, Spokane Washington, 99201 (Optionee).

WHEREAS the parties have entered into an Option to Purchase Agreement for the purchase of real and personal property on February 14, 2005; and

WHEREAS Optionee desires to extend the time during which the option may be exercised and the transaction closed;

NOW THEREFORE, for and in consideration of the mutual covenants set forth herein, the parties agree as follows:

WITNESSETH

1. In exchange for Optionor extending the date of closing of the transaction to not later than February 4, 2006 and, except as otherwise provided herein, waiving any further requirements of Notice under Section 2 of the Option to Purchase Agreement, Optionee agrees to:

A. Pay the amount of SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.000) to Optionor on or before June 17, 2005; and

B. Provide Notice of its intent to exercise the Option and pay the amount of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) to Optionor on or before August 4, 2005.

2. If Optionee fails to provide Notice of its intent to exercise the option and pay the amount of ONE HUNDRED THOUSAND DOLLARS (\$ 100,000.00) on or before August 4, 2005 to Optionor, the entire Option to Purchase Agreement entered into on February 14, 2005 shall become null and void and Optionor shall be free to place the property back upon the open market for sale.

3. The amount of SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.000) shall not be applied towards the purchase price of the property and shall be non-refundable.

4. If Optionee closes the transaction on or before February 4, 2006 the amount of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) shall be applied towards the purchase price. If Optionee fails to close the transaction on or before February 4, 2006, said sum shall be non-refundable as and for liquidated damages to Optionor.

5. The Option may be exercised at any time after the execution of this Addendum to Option to Purchase Agreement up to and including February 4, 2006, however Optionee may not exercise the Option or close the transaction until it has fully complied with the provisions of Section 1 of this Addendum to Option to Purchase Agreement. Optionee shall provide Optionor with 30 days Notice before closing the transaction.

6. The provisions of this Addendum to Option to Purchase Agreement shall only be construed to supersede Sections 2 and 4 of the Option to Purchase Agreement and shall not be construed to extend any due diligence otherwise afforded to Optionee under the Option to Purchase Agreement. All other provisions of the Option to Purchase Agreement shall remain in full force and effect.

7. This Addendum to Option to Purchase Agreement may be executed in one or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument. This Agreement and any counterpart may be executed by facsimile and when delivered shall be deemed an original.

IN WITNESS WHEREOF, the parties have hereunto set their hand on the day and year first above written.

Optionor: High Desert Winds, LLC

Optionee: Idaho General Mines, Inc.

By: /s/ Lee Hutchens
Printed Name: Lee Hutchens
Title: President

By: /s/ Robert L. Russell
Printed Name: Robert L. Russell
Title: President

By: /s/ Dick Reason
Printed Name: Dick Reason
Title: Partner

By: /s/ Michael K. Branstetter
Printed Name: Michael K. Branstetter
Title: Secretary

SECOND ADDENDUM TO OPTION TO PURCHASE AGREEMENT

This Second Addendum to the Option to Purchase Agreement is hereby entered into this 17th day of January, 2006 by and between High Desert Winds, LLC, a Nevada limited liability company whose address is 2152 Reno Highway, Suite A, Fallon, Nevada 89406, (Optionor) and Idaho General Mills, Inc., an Idaho corporation whose address is 10 N. Post Street, Suite 610, Spokane, Washington 89201, (Optionee).

WHEREAS, the parties have entered into an Option to Purchase Agreement for the purchase of real and personal property the effective date of which is February 4, 2005; and,

WHEREAS, the parties also entered into an Addendum to Option to Purchase Agreement on the 15th day of June, 2005; and,

WHEREAS, the parties desire to extend the date by which the transaction may be closed.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

W I T N E S S E T H

1. It was the agreement of the parties that the transaction set forth in the Option to Purchase Agreement would close by February 4, 2005.

2. Optionee may, at its discretion, close this transaction on or before February 17, 2006 without paying any additional consideration. Notwithstanding this provision, the closing of this transaction shall occur no later than March 17, 2006 with the actual date for closing being selected by Optionee by providing thirty (30) days notice to the Optionor before closing the transaction. Notice to close shall be given on or before January 17, 2006 or February 17, 2006 as the case may be.

A. If the Optionee elects not to give the 30 day notice on or before January 17, 2006, Optionee shall pay Optionor Eighty Thousand Dollars (\$80,000.00) (the Extension Sum) on or before January 17, 2006 to extend the closing date to March 17, 2006. If Optionee gives notice of intent to close on or before February 4, 2006 and closes this transaction on or before March 4, 2006, \$40,000.00 of the Extension Sum shall be credited to the purchase price in escrow.

B. Except as otherwise provided in paragraph A, the Extension Sum shall not be applied towards the purchase price and shall be non-refundable.

3. The closing date is extended for the purpose of allowing Optionor and Optionee to conduct an additional physical inspection of the property to determine to their reasonable satisfaction that there are no environmental matters, hazardous substances or ground

contaminations on the site resulting from the disposal of a certain transformer which occurred during March, 2005 as witnessed by representatives of Optionee.

A. Optionor shall be responsible for all clean-up, if any, required by the Nevada Department of Environmental Protection associated with the disposal of the transformer. This provision shall survive closing.

4. The parties further agree that not all personal property located on the site is the subject of specific identification in the Asset Purchase Agreement. Any personal property which is present on the closing date shall become the property of Optionee. All utility transformers (whether or not listed in the exhibits of property) shall be included as personal property purchased by Optionee and shall not be removed from the property.

A. The 2.5 million gallon steel water tank (not currently in use) continues to be excluded as an asset purchased by Optionee. If said water tank is not removed from the property on or before the closing date, it shall become the property of Optionee.

5. The exercise of the extension to close this transaction to not later than March 17, 2006 shall constitute the agreement of the parties that all matters to the entire Agreement between the parties have been fully and finally resolved and that no further claims will be asserted by Optionee relating thereto. Further, if Optionee fails to give notice of its intent to close this transaction on or before February 17, 2006, then the contract shall expire and neither party shall assert any claims against the other arising from the entire Agreement.

6. This Second Addendum to Option to Purchase Agreement may be executed in one or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument. This Second Addendum and any counterpart may be executed by facsimile and when delivered shall be deemed an original. All other provisions in the Addendum to Option to Purchase Agreement and the Option to Purchase Agreement shall remain in full force and effect except as modified herein. The purpose of this second Addendum is to extend the closing date in order to allow Optionor and Optionee to perform additional physical inspection of the property as set forth herein.

7. The effective date of this Second Addendum is January 4, 2006.

IN WITNESS WHEREOF, the parties have hereunto executed this Second Addendum.

Optionor: High Desert Winds, LLC

Optionee: Idaho General Mines, Inc.

By: /s/ Lee Hutchens
Printed Name: Lee Hutchens
Title: President

By: /s/ Robert L. Russell
Printed Name: Robert L. Russell
Title: President

By: /s/ Dick Reason
Printed Name: Dick Reason
Title: Partner

By: /s/ Michael K. Branstetter
Printed Name: Michael K. Branstetter
Title: Secretary

THIRD ADDENDUM TO OPTION TO PURCHASE AGREEMENT

This Third Addendum to the Option to Purchase Agreement is hereby entered into this 14 day of March, 2006 by and between High Desert Winds, LLC, a Nevada limited liability company whose address is 2152 Reno Highway, Suite A, Fallon, Nevada 89406, (Optionor) and Idaho General Mines, Inc., an Idaho corporation whose address is 10 N. Post Street, Suite 610, Spokane, Washington 99201, (Optionee).

RECITALS

WHEREAS the parties have entered into an Option to Purchase Agreement for the purchase of real and personal property, as more particularly described therein, (Option Property) on February 4, 2005; and,

WHEREAS the parties also entered into an Addendum to Option to Purchase Agreement on the 15th day of June, 2005 and a Second Addendum to Option to Purchase Agreement on the 17th day of January, 2006; and,

WHEREAS [*]; and

WHEREAS the [*] is referred to as the [Document]¹.

WHEREAS the parties desire to close on March 17, 2006 on a portion of the Option Property and delay closing on the remaining portion pursuant to the provisions set forth in this Third Addendum.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

WITNESSETH

A. The closing date shall be March 17, 2006.

B. [*].

C. Portions of the Option Property are the subject of the [Document], however, other portions of the Option Property are not the subject of the [Document].

[*] Denotes confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

¹ This defined term used in the text of the original agreement has been changed for confidentiality purposes.

1. The Option Property that is the subject of the [Document] includes portions of the fee land set forth in Exhibit "A" to the parties' Asset Purchase Agreement. The specific portions will be identified prior to March 17, 2006.

2. Further, the Option Property that is subject to the [Document] is also set forth in summary form as Exhibit "C" to the [*].

D. The parties confirm the existence of a 12% NSR created by Instrument numbers [*]. This addendum does not affect that NSR.

E. For convenience of description in this Third Addendum and subject to definitive deeds (as said deeds are required by the Asset Purchase Agreement) the real property the subject of this Third Addendum and the Option to Purchase is divided into two (2) categories, as follows:

1. [A]⁽¹⁾ properties—means those properties the subject of the Option to Purchase that are not included in and not subject to the terms and provisions of the [Document].

2. [B]⁽¹⁾ properties—means those properties the subject of the Option to Purchase that are included in and subject to the terms and provisions of the [Document].

F. Optionee supplied Optionor with a proposed on March 8, 2006 which addresses and is intended to cure the [*] and the [*] created thereby.

G. The parties desire to close this transaction on March 17, 2006 by Optionor conveying and Optionee paying for the [A] properties and all the other assets as set forth in the Option to Purchase and Asset Purchase Agreement, except as provided below. The [B] properties shall continue to be the subject of the parties Option to Purchase Agreement as modified herein.

H. On March 17, 2006 Optionee shall pay to Optionor the sum of \$4,400,000 representing the purchase price for all the [A] properties and all other assets as set forth in the Option to Purchase and Asset Purchase Agreement, except as provided below. The purchase price being determined as follows:

1. \$4,500,000.00 less credit for the sum of \$100,000.00 previously paid by the Optionee and,

2. \$0 for Optionor's share of the closing costs.

I. The parties' Option to Purchase shall be extended until March 17, 2008 at which time the transaction for the remaining properties that are the subject of the Option to Purchase Agreement shall close. Said property consists of all the [B] properties.

1. During the extended Option Period ending no later than March 17, 2008, Optionor and Optionee agree to cooperate with each other to jointly take such steps and acts

necessary, using their best efforts, to resolve [*]. Such necessary acts and steps may include but are not necessarily limited to:

(a) [*].

(b) [*].

(1) [*,

(c) Each party shall as promptly as possible respond to requests and instructions of the other.

J. The parties agree to be equally responsible for the costs of the acts and steps set forth in paragraph I above.

K. If the parties are able to resolve [*] by March 17, 2008, Optionee shall pay to Optionor the sum of One Million Dollars (\$1,000,000.00) for the [B] properties and close the transaction. If however, Optionee decides, in its sole judgment and discretion, at any time prior to March 17, 2008 that the [*] Optionee shall proceed with the purchase of the [B] properties for the sum of Five Hundred Thousand Dollars (\$500,000.00). Optionee shall provide Optionor with the 30 days notice of its desire to close.

1. At the closing of the [B] properties the parties shall pro-rate the costs as set forth in the Option to Purchase Agreement.

L. This Third Addendum to Option to Purchase Agreement may be executed in one or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument. This Third Addendum and any counterpart may be executed by facsimile and when delivered shall be deemed an original. All other provisions in the Addendum to Option to Purchase Agreement, Second Addendum to Option to Purchase Agreement and the Option to Purchase Agreement shall remain in full force and effect except as modified herein.

M. All of the provisions set forth in the Option to Purchase Agreement, the Addendum, Second Addendum shall apply to the [B] properties which shall close at a later date.

IN WITNESS WHEREOF, the parties have hereunto executed this Third Addendum with an effective date of March 17, 2006.

Optionor: High Desert Winds, LLC

By: /s/ Dick Reason
Printed Name: Dick Reason
Title: Partner
Date: March 17, 2006

By: /s/Lee Hutchens
Printed Name: Lee Hutchens
Title: Partner
Date: March 17, 2006

Optionee: Idaho General Mines, Inc.

By: /s/ Robert L. Russell
Printed Name: Robert L. Russell
Title: President
Date: March 15, 2006

By: /s/ Michael K. Branstetter
Printed Name: Michael K. Branstetter
Title: Secretary
Date: March 15, 2006

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (hereafter referred to as the Agreement) is made this 17th day of March, 2005, by and between the following parties: HIGH DESERT WINDS, LLC, a Nevada Limited Liability Company whose address is 2152 Reno Highway, Suite A Fallon, Nevada 89406 hereafter referred to as the Seller, and IDAHO GENERAL MINES, INC., an Idaho Corporation whose address is North 10 Post Street, Suite 610 Spokane, Washington 99201 hereafter referred to as the Buyer.

In consideration of the mutual promises and covenants hereafter stipulated, the parties hereby agree as follows:

- (1) **DESCRIPTION:** The Seller agrees to sell, and the Buyer agrees to purchase:
 - (a) the real property and improvements, including the patented mining and millsite claims, (hereinafter referred to as "patented mining claims"), all fixtures, mineral rights, mining data, intellectual property applicable to the property, privileges, improvements and appurtenances thereto, if any, in Seller's possession, hereafter called property, described as follows: See Exhibit A attached hereto;
 - (b) all appurtenant underground water rights (Identified as Permit 35776, Certificate 12878, Permit 40520, Certificate 12880, Permit 40521, Certificate 12881, Permit 40524, Certificate 12882, Permit 42480, Certificate 12884, Permit 42835, Certificate 12885, Permit 42836, Certificate 12886, together with privileges, easements, buildings and fixtures, if any, required for said water rights. See Exhibit B attached hereto;
 - (c) those certain unpatented mining claims as described in Exhibit C attached hereto; and
 - (d) certain personal property identified in Exhibit D attached hereto, however shall in no event include the un-used steel water tank.
- (2) **EARNEST MONEY:** Buyer has heretofore deposited with Seller FIFTY THOUSAND DOLLARS (\$50,000.00) as a nonrefundable earnest money deposit. This amount shall be applied towards the purchase price.
- (3) **FURTHER ENCUMBRANCES:** The Seller hereby warrants that the total of the mortgages, liens and any other encumbrances against the property, whether of public record or not, are as follows:
 - (A) See Exhibit E attached hereto.
 - (B) Those certain non-participating production royalties equal to twelve percent (12%) of Net Smelter Returns (NSR) held by Equatorial Tonopah, Inc. and Tonopah CTMC, Inc. which NSR's are applicable to the real property set forth in

Exhibit "A". Copies of the NSR's applicable to the Property are attached hereto as Exhibit "F" both of which have been recorded in the Official Records of Nye County, Nevada as Document Nos. 585208, and 585209.

(4) **MAINTENANCE AND REPAIRS:** Except as otherwise set forth herein, the Buyer accepts the property "as is" on the date of execution of this Agreement. The Buyer shall henceforth be responsible for all maintenance and repair upon said property.

(5) **BINDING AGREEMENTS:** The parties hereto agree that this Agreement comprises the entire agreement of the parties and that it is made pursuant to the terms set forth in the Option to Purchase Agreement executed by and between the parties on February 14, 2005 and the addendum thereto executed June 15, 2005 both of which are incorporated herein by reference. No other representations or agreements have been made or relied upon, and that this Agreement shall inure to the benefit of and shall be binding upon the parties, their heirs, executors, administrators, personal representatives, successors or assigns.

(6) **SPECIAL PROVISIONS:**

(A) A Preliminary Title Report has been ordered by the Buyer. This cost will be borne equally by the Buyer and Seller.

(7) **PRICE AND TERMS:** The Buyer agrees to pay the sum of: FIVE MILLION DOLLARS (\$5,000,000.00), for the property less any reimbursement or offset in accordance with the Option to Purchase Agreement executed by and between the parties on February 14, 2005, the addendum thereto executed June 15, 2005 and this agreement; the remaining balance to be paid in cash, certified check, or cashiers check at closing.

(8) **COMMISSION:** None. There are no brokerage fees, commissions or finder's fees due to any party from Buyer or Seller.

(9) **TITLE:** The Seller shall convey marketable title to the real property and patented mining claims by General Warranty Deed in fee simple absolute, on or before the closing, said title to be free, clear and unencumbered except existing mortgages, restrictions, reservations and easements of record shown in paragraph (3). (Buyer shall be responsible for filing the necessary reporting documents concerning the water rights with the Nevada State Engineer.) Seller shall convey marketable title to all other personal property identified in Exhibit D by Bill of Sale. Title to the unpatented mining claims shall be conveyed by Quitclaim deed. Seller and Buyer shall also satisfy any requirements of the State of Nevada and/or federal agencies for the transfer of the unpatented mining claims. Title to said property shall be conveyed to the Buyer and/or its assigns.

(10) **CLOSING:** The deed shall be delivered and the purchase money shall be paid at the designated office of Seller's choice, upon closing which shall occur not later than February 4, 2006. Closing costs; including but not limited to county transfer tax and title insurance are as follows: One-half (1/2) to Buyer and one-half (1/2) to Seller.

(11) **COSTS AND PRORATIONS:** There shall be prorated between the Seller and the Buyer; as of the date of closing the following items: (a) All real estate taxes and assessments (b) All fees, costs and assessments associated with the unpatented mining claims set forth in Exhibit C.

(12) **ATTORNEY'S FEES:** In the event this agreement is placed in the hands of an attorney for enforcement, the prevailing party shall be entitled to recover court costs and their reasonable attorney fees.

(13) **JURISDICTION:** The Courts of the State of Nevada shall have jurisdiction over any dispute arising from this agreement.

(14) **1031 EXCHANGE:** Seller is entering into this agreement for the purpose of a tax deferred exchange for the property, as such each of the parties agrees to cooperate with the other party in connection with such exchange, including the execution of such documents as may be reasonably necessary to complete the exchange, provided that: a) the other party will not be obligated to delay the closing; b) all additional costs in connection with the exchange will be borne by the party requesting the exchange; c) the other party will not be obligated to execute any note, contract, deed or other document providing for any personal liability which would survive the exchange; and d) the other party will not take title to any property other than the property described in this Agreement. The other party will be indemnified and held harmless against any liability which arises or is claimed to have arisen on account of the exchange.

(15) **ACKNOWLEDGEMENTS:** The Parties hereby acknowledge that the property being sold under this Agreement was formerly operated as a mining property. The Parties further acknowledge that the property is currently classified as Agricultural Property and that Seller has not engaged in any mining activity since acquiring the property. The parties further acknowledge that all reclamation required by federal and state law is being completed by the previous owner. In light of these acknowledgements, it is further understood and agreed by the parties that any liability relating to federal and/or state environmental laws regarding the property will be governed according to federal and/or state law and that no representations or warranties concerning the condition of the property are made or given by Seller.

(16) **TIME IS OF THE ESSENCE.** Time shall be of the essence of this Agreement.

(17) **ATTACHMENTS AND EXHIBITS:** Each attachment and exhibit to this Agreement shall be incorporated herein and considered a part hereof as if set forth herein in full.

(18) **FEES AND EXPENSES:** Except as otherwise specifically provided in this Agreement, Seller and Buyer shall each bear their own fees and expenses incurred in connection with this Agreement and in connection with all obligations required to be performed by it under this Agreement.

(19) **NO THIRD PARTY BENEFICIARIES:** The terms and provisions contained in this Agreement (including the documents and the instruments referred to herein) are not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(20) **FURTHER ASSURANCES.** From and after the Closing Date, upon the request of any party, the other party shall do, execute, acknowledge and deliver all such further acts, assurances, deeds, assignments, transfers, conveyances and other instruments and papers as may be reasonably required or appropriate to carry out the transactions contemplated by this Agreement.

(21) **AMENDMENT:** This Agreement maybe amended, or any provision of this Agreement may be waived, provided that any such amendment or waiver is set forth in a writing executed by Seller and Buyer or their respective successors in interest. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement.

(22) **WAIVER:** No waiver by either party of any breach of a provision of this Agreement shall be a waiver of any subsequent breach, whether of the same or a different provision of this Agreement.

(23) **NOTICE:** All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing, by facsimile, by overnight courier or by registered or certified mail, postage prepaid and return receipt requested, and shall be deemed to have duly given or made upon: (i) delivery by hand, (ii) one business day after being sent by overnight courier, (iii) three business days being deposited in the United States Mail, postage prepaid, or (iv) in the case of transmission by facsimile, when confirmation of receipt is obtained. Notices, demands and communications to HDW and Buyer will, unless another address is specified in writing, be sent to the address indicated below:

Notices to HDW:

High Desert Winds, LLC
2152 Reno Highway, Suite A
Fallon, NV 89406
c/o Lee Hutchens

with a copy to

Ryan T. Campbell, Esq.
427 Ridge Street, Suite B
Reno, NV 89501

Notices to Buyer:

Idaho General Mines, Inc.
N.10 Post Street, Suite 610
Spokane, WA 99201
Attention: President

with a copy to:

Michael K. Branstetter
Hull & Branstetter Chartered
P.O. Box 709
Wallace, ID 83873

(24) **ASSIGNMENT SUCCESSORS:** Except as provided in this Section, this Agreement may not be assigned by either party, in whole or in part, without prior written consent of the other party. Consent shall not be unreasonably withheld. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(25) **SEVERABILITY:** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision

of this Agreement is held to be prohibited by or invalid under applicable law, such provisions will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(26) **NO STRICT CONSTRUCTION**: Seller and Buyer contributed to the language used in this Agreement, and all parties participated on an equal footing. No rule of strict construction will be applied against any party and no inference will be drawn from any changes in or deletions of provision of this Agreement in the course of its negotiating and drafting.

(27) **CAPTIONS**: The captions used in this Agreement are for convenience of reference only and do not constitute a part of this Agreement and will not be deemed to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement will be enforced and construed as if no caption had been used in this Agreement.

(28) **COUNTERPARTS; FACSIMILE**: This Agreement maybe executed in one or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument. This Agreement and any counterpart thereof may be executed by facsimile and when delivered shall be deemed to be an original.

(29) **RECORDABLE DOCUMENTS**: The parties agree that the Warranty Deeds are intended to be recorded-in the real property records and may be modified to be so recorded. Such instruments shall be recorded in the Nye County real property records promptly following closing.

(30) **AUTHORITY**: Buyer and Seller both represent and warrant that each has the requisite authority and power to enter into this Agreement.

(31) **DISPUTES, ARBITRATION**: In the event that any controversy shall arise between the parties its to any matter or thing arising out of or relating to this Agreement, which cannot be settled between the parties themselves, the same shall be determined by three arbitrators, one selected by Seller and one by Buyer and the third selected by agreement between the two arbitrators so selected. If the two so selected are unable to agree upon a third arbitrator, Seller and Buyer shall promptly join in a request to the American Arbitration Association (hereafter referred to as "Association") that it submit to them a list of persons whom it would regard as available arbitrators and especially qualified for the particular arbitration. The parties agree to conduct the arbitration in Reno, Nevada, and to use the procedural rules for commercial arbitration of the Association, which rules are in effect at the time of the arbitration. The parties further agree to follow the discovery and disclosure statement provisions selected or established by the arbitrators, selected for the particular arbitration. If, within fifteen (15) days after the receipt of the list from the Association, Seller and Buyer have not agreed upon a third arbitrator, Seller and Buyer shall join in a Written request to the Association for the appointment of the third arbitrator, and the arbitrator named by the Association shall be the third arbitrator. Except as provided in Section 4b of the Option to Purchase Agreement executed on February 14, 2005 (Buyer's right to specific performance as a remedy), the award of such arbitrators, or a majority of them, shall be conclusive and binding upon Seller and Buyer. In any arbitration between the parties arising out of, or in connection with this Agreement or the construction or enforcement

thereof, the substantially prevailing party shall be entitled to recover all reasonable costs, expenses and attorneys' fees incurred by it in connection with such arbitration.

(32) **COOPERATIVE USE AGREEMENT:** Buyer is aware that Seller entered into an agreement with Equatorial Tonopah, Inc., a Delaware Corporation ("ETI") and Tonopah CTMC Inc., a Delaware Corporation ("CTMC") for the latter's access to the Property, which provides as follows:

"The parties agree that the ongoing activities of ETI and CTMC pursuant to the Reclamation Plat will necessitate a cooperative sharing of road access, office space, communication facilities, utilities and other uses as from time to time become apparent. Such entities include, but are not limited to, the NDEP and Bureau of Land Management. Therefore, the parties agree to enter into a Cooperative Use Agreement ("Cooperative Use Agreement") to address the ongoing needs between the parties for cooperative interaction by and among ETI, CTMC and Buyer (HDW)."

The Buyer (IGMI) agrees it shall cooperate with ETI and CTMC by allowing continued access, if necessary. A copy of the Cooperative Use agreement is attached hereto as Exhibit "G". Said Cooperative Use Agreement is the only use agreement existing between Seller and any other parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

HIGH DESERT WINDS, LLC

IDAHO GENERAL MINES, INC.

By: /s/ Lee Hutchens
Printed name: Lee Hutchens
Title: Partner

By: /s/ Robert L. Russell
Printed name: Robert L. Russell
Title: President

By: /s/ Dick Reason
Printed name: Dick Reason
Title: Partner

By: /s/ Michael K. Branstetter
Printed name: Michael K. Branstetter
Title: Secretary

Exhibit 10.11

Michael K. Branstetter

HULL & BRANSTETTER
CHARTERED
ATTORNEYS AT LAW
416 RIVER STREET
P.O. BOX 709
WALLACE, ID 83873-0709

H.J. HULL(1888-1975)
ALDEN HULL (1919-1984)
PLATT HULL (1914-1992)

TELEPHONE : (208) 752-1154
FAX: (208) 752-0951

January 26, 2006

Steve Drimmer
Mt. Hope Mines, Inc.
15480 Ventura Blvd., Suite 220
Sherman Oaks, CA 91403

via facsimile transmission only
(818) 981-4418

Re: Idaho General Mines, Inc. – Mount Hope Mines, Inc.
Payment Schedule
Lease Agreement: October 19, 2005

Dear Steve,

Idaho General Mines, Inc. and Mount Hope Mines, Inc. have agreed to modify the payment schedule set forth in Article 1.1(c) of the October 19, 2005 Lease. This letter shall serve as Idaho General and Mount Hope's confirmation of the modification. A more formal document will be prepared as promptly as possible.

The payment schedule set forth in Article 1.1(c)(i) through (vi) shall be as follows:

<u>Payment Amount</u>	<u>Due Date</u>
\$125,000.00	on or before 01/31/06
\$125,000.00	on or before 04/19/06
\$125,000.00	on or before 10/19/06
\$125,000.00	on or before 04/19/07
\$350,000.00	on or before 10/19/07
3% of estimated construction costs or \$350,000.00	on or before 10/19/08
3% of estimated construction costs or \$350,000.00	on or before 10/19/09
2.5MM or 3% of estimated construction costs	on or before 10/19/10
3% of estimated construction costs or 50% of the difference between 3% and 2.5MM.....	on or before 10/19/11
3% of estimated construction costs or 50% of the difference between 3% and 2.5MM.....	on or before 10/19/12
\$500,000.00	on or before 10/19/13
	and each 10/19 thereafter

Idaho General appreciates your cooperation and requests that you sign this letter and return it to me by facsimile transmission. Bob Russell has also signed via facsimile transmission. The first \$125,000.00 payment will be made upon receipt of your fax.

Very truly yours,

HULL & BRANSTETTER CHARTERED

By: /s/ Michael K. Branstetter
Michael K. Branstetter

Idaho General Mines, Inc.

/s/ Robert L. Russell
Robert L. Russell, President
Date: 27 January 2006

Mount Hope Mines, Inc.

/s/ Stephen Drimmer
Stephen Drimmer, President
Date: 30 January 2006

EXHIBIT 21.1

SUBSIDIARIES OF IDAHO GENERAL MINES, INC.

American Molybdenum, Inc. a Nevada corporation

Kellogg Minerals, Inc. a Nevada corporation

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a), AS
ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Principal Executive Officer

I, Robert L. Russell, certify that:

1. I have reviewed this Annual Report on Form 10-KSB of Idaho General Mines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting;
5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: March 31, 2006

By: /s/ Robert L. Russell
Name: Robert L. Russell
Title: Chief Executive Officer

EXHIBIT 31.2

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a), AS
ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Principal Financial Officer

I, Robert L. Dumont, certify that:

1. I have reviewed this Annual Report on Form 10-KSB of Idaho General Mines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting;
5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: March 31, 2006

By: /s/ Robert L. Dumont
Name: Robert L. Dumont
Title: Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert L. Russell, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-KSB of Idaho General Mines, Inc. for the year ended December 31, 2005 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-KSB fairly presents in all material respects the financial condition and results of operations of Idaho General Mines, Inc.

Dated: March 31, 2006

By: /s/ Robert L. Russell
Name: Robert L. Russell
Title: Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert L. Dumont, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-KSB of Idaho General Mines, Inc. for the year ended December 31, 2005 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-KSB fairly presents in all material respects the financial condition and results of operations of Idaho General Mines, Inc.

Dated: March 31, 2006

By: /s/ Robert L. Dumont
Name: Robert L. Dumont
Title: Chief Financial Officer
(Principal Financial Officer)